

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA
EAST CARROLL PARISH HOSPITAL**

**AUDITED FINANCIAL STATEMENTS,
SUPPLEMENTARY DATA AND AUDITORS'
REPORTS ON INTERNAL CONTROLS
AND COMPLIANCE**

MAY 31, 2004 AND 2003

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 11-24-04

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EAST CARROLL PARISH HOSPITAL**

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AND COMPLIANCE**

MAY 31, 2004 AND 2003

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AmSouth Building
200 East Capitol Street
Suite 100 (39201-2200)

•
Box 23027
Jackson, MS 39225-3027

•
601 948 6700
Fax 601 948 6000
www.str-cpa.com

Board of Commissioners
East Carroll Parish Hospital Service District, dba
East Carroll Parish Hospital
Lake Providence, Louisiana

Independent Auditors' Report

We have audited the accompanying Balance Sheets - Unrestricted Funds of East Carroll Parish Hospital Service District, dba East Carroll Parish Hospital (the Hospital) as of May 31, 2004 and 2003, and the related Statements of Operations - Unrestricted Funds, Changes in Fund Balance - Unrestricted and Cash Flows - Unrestricted Funds for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Carroll Parish Hospital Service District, dba East Carroll Parish Hospital as of May 31, 2004 and 2003, and the results of its operations and its cash flows of unrestricted funds for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Hospital's internal control structure and a report on its compliance with laws and regulations dated September 2, 2004.

Smith, Turner & Reeves

September 2, 2004

FINANCIAL STATEMENTS

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA
EAST CARROLL PARISH HOSPITAL**

BALANCE SHEETS - UNRESTRICTED FUNDS

MAY 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
CURRENT ASSETS:		
Cash and cash equivalents - Note 2	\$ 357,414	\$ 1,328,459
Receivables:		
Patient accounts, net of estimated uncollectibles and contractual adjustments of \$981,000 and \$664,000 in 2004 and 2003, respectively - Note 3	1,207,767	772,853
Due from third-party payors - Note 4	<u>843,009</u>	<u>149,651</u>
Net receivables	2,050,776	922,504
Inventories	113,138	98,266
Prepaid expenses	<u>31,022</u>	<u>40,537</u>
TOTAL CURRENT ASSETS	2,552,350	2,389,766
PROPERTY, BUILDINGS AND EQUIPMENT, NET - Note 5	779,812	637,052
ASSETS LIMITED AS TO USE - Notes 2 and 6	<u>823,096</u>	<u>102,634</u>
TOTAL ASSETS	<u><u>\$ 4,155,258</u></u>	<u><u>\$ 3,129,452</u></u>

See accompanying Notes to Financial Statements.

LIABILITIES AND FUND BALANCE

	<u>2004</u>	<u>2003</u>
CURRENT LIABILITIES:		
Current portion of long-term liabilities	\$ 9,000	\$ 5,181
Accounts payable	287,124	210,437
Accrued expenses - Note 4	<u>633,300</u>	<u>656,461</u>
 TOTAL CURRENT LIABILITIES	 929,424	 872,079
 LONG-TERM LIABILITIES, EXCLUDING CURRENT PORTION - Note 7	 39,607	 -
 COMMITMENTS AND CONTINGENCIES - Note 8	 -	 -
 FUND BALANCE - UNRESTRICTED	 <u>3,186,227</u>	 <u>2,257,373</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 4,155,258</u>	 <u>\$ 3,129,452</u>

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA
EAST CARROLL PARISH HOSPITAL**

STATEMENTS OF OPERATIONS - UNRESTRICTED FUNDS

YEARS ENDED MAY 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
NET PATIENT SERVICE REVENUE - Note 3	\$ 6,508,283	\$ 5,176,011
OTHER OPERATING REVENUE - Note 10	<u>350,998</u>	<u>283,407</u>
TOTAL OPERATING REVENUE	6,859,281	5,459,418
OPERATING EXPENSES:		
Salaries and wages	2,330,126	2,060,266
Supplies and other	2,085,271	1,869,460
Employee benefits	455,272	397,105
Depreciation	118,312	103,803
Provision for bad debts, net	957,050	822,480
Interest	<u>2,832</u>	<u>859</u>
TOTAL OPERATING EXPENSES	<u>5,948,863</u>	<u>5,253,973</u>
INCOME FROM OPERATIONS	910,418	205,445
NONOPERATING INCOME (EXPENSE):		
Interest income	17,686	22,926
Rental income	750	1,250
Gain (loss) on sale of assets	<u>-</u>	<u>(6,775)</u>
	<u>18,436</u>	<u>17,401</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 928,854</u>	<u>\$ 222,846</u>

See accompanying Notes to Financial Statements.

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA
EAST CARROLL PARISH HOSPITAL
STATEMENTS OF CHANGES IN FUND BALANCE - UNRESTRICTED
YEARS ENDED MAY 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 2,257,373	\$ 2,034,527
EXCESS OF REVENUE OVER EXPENSES	<u>928,854</u>	<u>222,846</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,186,227</u>	<u>\$ 2,257,373</u>

See accompanying Notes to Financial Statements.

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA
EAST CARROLL PARISH HOSPITAL
STATEMENTS OF CASH FLOWS - UNRESTRICTED FUNDS
YEARS ENDED MAY 31, 2004 AND 2003
Increase (Decrease) in Cash and Cash Equivalents**

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:		
Income from operations	\$ 910,418	\$ 205,445
Interest expense considered capital financing activity	2,832	859
Adjustments to reconcile expenses in excess of revenue and gains to net cash provided by operating activities and gains:		
Depreciation	118,312	103,803
Provisions for losses on accounts receivable	317,000	138,000
Changes in operating assets and liabilities:		
(Increase) decrease in receivables, net	(1,445,272)	261,214
(Increase) decrease in inventories	(14,872)	(5,298)
(Increase) decrease in prepaid expenses	9,515	(20,651)
Increase (decrease) in accounts payable and accrued expenses	<u>53,526</u>	<u>58,428</u>
NET CASH FROM (USED FOR) OPERATING ACTIVITIES	(48,541)	741,800
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of property and equipment	(208,290)	(96,152)
Interest payments on long-term liabilities	(2,832)	(859)
Principal payments on long-term liabilities	<u>(9,356)</u>	<u>(4,964)</u>
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(220,478)	(101,975)
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:		
Rental income	750	1,250
Interest income	17,686	22,926
(Increase) decrease in assets limited as to use	<u>(720,462)</u>	<u>88,731</u>
NET CASH FROM (USED FOR) INVESTING ACTIVITIES	(702,026)	112,907
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(971,045)	752,732
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,328,459</u>	<u>575,727</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 357,414</u>	<u>\$ 1,328,459</u>

See accompanying Notes to Financial Statements.

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA
EAST CARROLL PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2004 AND 2003**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Entity

East Carroll Parish Hospital Service District, dba East Carroll Parish Hospital (the Hospital) is a governmental acute care hospital located in Lake Providence, Louisiana. It was created by the East Carroll Parish Police Jury. The Policy Jury appoints the Board of Commissioners of the Hospital. The Hospital is considered a political subdivision of the State of Louisiana and a component unit of East Carroll Parish.

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. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Net patient 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.

Inventories

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

Property, Buildings and Equipment

Property, buildings and equipment are stated at cost. Donated property, buildings and equipment are recorded at fair market value at the date of donation, which then is treated as cost. The cost of additions and improvements, which substantially extend the useful life of a particular asset, is capitalized. Expenditures for maintenance and repairs are charged to expenses.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method. Equipment under capital leases 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 in the accompanying financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund Accounting

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

Federal and State Income Taxes

As a political subdivision of the State of Louisiana, the Hospital is exempt from federal and state income taxes.

Donor Restricted Funds

The Hospital reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted fund balance is reclassified as unrestricted fund balance. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions.

The Hospital reports gifts of property and equipment (or other long-lived assets) as unrestricted support, 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, the Hospital reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. There were no donor restricted fund balances at May 31, 2004 or 2003.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Standards

Pursuant to Governmental Accounting Standards, 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.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

It is the Hospital's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance.

Investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in (1) direct obligations of the United States Government pledged by its full faith and credit, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral and (3) savings accounts at savings and loan associations and banks to the extent fully insured.

Cash and Cash Equivalents

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

Credit Risk

Management records an allowance for bad debts for estimated uncollectible accounts based on historical bad debt experience and other factors. Accounts are written off when collection is determined to be unlikely.

Reclassifications

Certain reclassifications have been made to the 2003 financial statements to conform to the 2004 presentation.

NOTE 2 - CASH AND OTHER DEPOSITS

For financial statement purposes, cash and other deposits consist of demand accounts, insured savings accounts and certificates of deposit.

NOTE 2 - CASH AND OTHER DEPOSITS (CONTINUED)

At May 31, 2004 and 2003, the Hospital had bank balances as follows:

	<u>2004</u>	<u>2003</u>
Insured (FDIC)	\$ 200,845	\$ 200,835
Collateralized by securities held by the pledging financial institution's Trust Department in the Hospital's name	<u>1,092,273</u>	<u>1,284,692</u>
Total depository balance	<u>\$ 1,293,118</u>	<u>\$ 1,485,527</u>
Carrying value	<u>\$ 1,180,510</u>	<u>\$ 1,431,093</u>

NOTE 3 - NET PATIENT SERVICE REVENUE

The Hospital grants credit to its patients, most of whom are local residents and are insured under third-party payor agreements. The Hospital has agreements with certain third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient nonacute services, certain outpatient services and defined capital costs related to Medicare beneficiaries are paid based upon 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 by the Medicare fiscal intermediary.
- Medicaid - Inpatient services rendered to Medicaid program beneficiaries are reimbursed at a prospectively determined per diem rate. Outpatient services are reimbursed at a percentage of cost, with final settlement determined after the submission of annual cost reports by the Hospital and audits by the Medicaid fiscal intermediary.

NOTE 3 - NET PATIENT SERVICE REVENUE (CONTINUED)

A summary of gross and net patient service revenue follows:

	<u>2004</u>	<u>2003</u>
Gross patient service revenue	\$ 6,297,169	\$ 6,745,435
Plus (less) provisions for contractual adjustments under third-party reimbursement programs, net of disproportionate share payments of \$1,280,187 and \$609,276 for 2004 and 2003, respectively	<u>211,114</u>	<u>(1,569,424)</u>
Net patient service revenue	<u>\$ 6,508,283</u>	<u>\$ 5,176,011</u>
Percentage of gross	<u>103%</u>	<u>77%</u>

A summary of gross revenue from patient services rendered under contract with major third-party payors follows:

	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>Percent of Gross Patient Revenue</u>	<u>Amount</u>	<u>Percent of Gross Patient Revenue</u>
Medicare	\$ 2,225,811	35.3	\$ 2,978,651	44.1
Medicaid	<u>1,644,205</u>	<u>26.1</u>	<u>1,670,397</u>	<u>24.8</u>
	<u>\$ 3,870,016</u>	<u>61.4</u>	<u>\$ 4,649,048</u>	<u>68.9</u>

NOTE 4 - DUE FROM (TO) THIRD-PARTY PAYORS

A summary of amounts due from (to) third-party payors follows:

	<u>2004</u>	<u>2003</u>
Due from (to) Medicare Program, net	\$ 6,958	\$ (163,576)
Due from (to) Louisiana Medicaid Program, net	<u>836,051</u>	<u>313,227</u>
	<u>\$ 843,009</u>	<u>\$ 149,651</u>

NOTE 4 - DUE FROM (TO) THIRD-PARTY PAYORS (CONTINUED)

	<u>2004</u>	<u>2003</u>
Provision for estimated future third-party retroactive adjustments (included in accrued expenses)	<u>\$ (515,000)</u>	<u>\$ (510,000)</u>

Revenue from the Medicare and Medicaid programs accounted for a significant portion of the Hospital's net patient revenue for the years ended May 31, 2004 and 2003. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. The provision for estimated future retroactive adjustments is based on Management's estimates. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The 2004 net patient service revenue increased approximately \$497,000 due to retroactive adjustments by Medicare and Medicaid in excess of amounts previously estimated and decreased by \$5,000 due to the increase of the provision for estimated future third-party retroactive adjustments for the open cost report years of 1998 through 2004.

NOTE 5 - PROPERTY, BUILDINGS AND EQUIPMENT

A summary of property, buildings and equipment follows:

	<u>2004</u>	<u>2003</u>
Land	\$ 17,000	\$ 17,000
Buildings and improvements	1,038,782	1,038,782
Equipment	758,101	569,025
Transportation equipment	220,062	220,062
Clinic	<u>244,179</u>	<u>177,172</u>
	2,278,124	2,022,041
Less accumulated depreciation	<u>(1,498,312)</u>	<u>(1,384,989)</u>
	<u>\$ 779,812</u>	<u>\$ 637,052</u>

NOTE 6 - ASSETS LIMITED AS TO USE

Assets limited as to use included investments in insured savings accounts and certificates of deposit which are held by the Hospital or its agent in the Hospital's name. The use of these funds was internally restricted by the Board.

NOTE 7 - LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

	<u>2004</u>	<u>2003</u>
Lease payable to Great American Leasing, Inc., at 10%, payable in total monthly installments of \$1,122, including principal and interest, final payment due December 2008, collateralized by equipment.	\$ 48,607	\$ -
Lease payable to Abbot Laboratories, Inc., at 9%, paid in full December 2003.	<u>-</u>	<u>5,181</u>
	48,607	5,181
Less current portion	<u>(9,000)</u>	<u>(5,181)</u>
	<u>\$ 39,607</u>	<u>\$ -</u>

Annual maturities of long-term liabilities follow:

2005	\$ 9,000
2006	9,944
2007	10,986
2008	12,137
2009	<u>6,540</u>
	<u>\$ 48,607</u>

Interest expense paid (cash basis) was \$2,832 and \$859 for the years ended, May 31, 2004 and 2003, respectively.

During 2003, the Hospital issued long-term debt for the purchase of lab equipment. This obligation, totaling \$52,782, was a noncash transaction and, therefore, is not included in the accompanying Statement of Cash Flows.

NOTE 8 - 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 and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in recent years.

The Hospital's malpractice insurance coverage is a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured. Claims may be asserted against the Hospital arising from services provided to patients through May 31, 2004, in excess of insurance policy limits. No amounts have been accrued for potential claims in excess of insurance coverage.

NOTE 9 - RETIREMENT PLAN

The Hospital has a qualified retirement plan (the Plan) which covers substantially all employees with more than one year of service. The participants may contribute to the Plan, and the Hospital matches up to 2%. Contributions to the Plan were \$12,148 and \$12,512 for 2004 and 2003, respectively.

NOTE 10 - OTHER OPERATING REVENUE

Other operating revenue consists of:

	<u>2004</u>	<u>2003</u>
Parish subsidy	\$ 237,723	\$ 255,622
Ambulance memberships	9,319	9,760
Other revenue	<u>103,956</u>	<u>18,025</u>
	<u>\$ 350,998</u>	<u>\$ 283,407</u>

The parish subsidy represents property taxes collected for the benefit of the Hospital. Use of the subsidy is unrestricted.

SUPPLEMENTARY DATA

Board of Commissioners
East Carroll Parish Hospital Service District, dba
East Carroll Parish Hospital
Lake Providence, Louisiana

Independent Auditors' Report on Supplementary Data

The audited financial statements of East Carroll Parish Hospital Service District, dba East Carroll Parish Hospital as of and for the years ended May 31, 2004 and 2003, and our report thereon dated September 2, 2004, are presented in the preceding section of this report. Our audits were made for the purpose of forming our opinion on the financial statements taken as a whole.

Supplementary data Schedules 1 through 3 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Smith, Turner & Reeves

September 2, 2004

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**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA
EAST CARROLL PARISH HOSPITAL
GROSS PATIENT SERVICE REVENUE BY DEPARTMENT
YEARS ENDED MAY 31, 2004 AND 2003**

	<u>Year Ended May 31, 2004</u>		
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
ROUTINE SERVICES:			
Hospital	\$ 651,037	\$ -	\$ 651,037
ANCILLARY SERVICES:			
Radiology	89,881	189,564	279,445
Laboratory	387,664	333,804	721,468
Respiratory therapy	296,449	22,919	319,368
Electrocardiology	38,915	18,725	57,640
Central supply	508,493	147,071	655,564
Pharmacy	550,621	107,912	658,533
Emergency Room	-	728,305	728,305
Ambulance	-	1,247,442	1,247,442
Wound care clinic	-	-	-
Clinic	-	978,367	978,367
	<u>1,872,023</u>	<u>3,774,109</u>	<u>5,646,132</u>
	<u>\$ 2,523,060</u>	<u>\$ 3,774,109</u>	<u>\$ 6,297,169</u>
Percentage of total	<u>40%</u>	<u>60%</u>	<u>100%</u>

Schedule 1

<u>Year Ended May 31, 2003</u>		
<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
\$ 429,927	\$ -	\$ 429,927
71,647	140,952	212,599
238,662	323,702	562,364
128,235	33,991	162,226
25,762	24,010	49,772
345,404	187,920	533,324
297,604	151,552	449,156
-	749,065	749,065
-	2,104,188	2,104,188
-	616,279	616,279
-	876,535	876,535
<u>1,107,314</u>	<u>5,208,194</u>	<u>6,315,508</u>
<u>\$ 1,537,241</u>	<u>\$ 5,208,194</u>	<u>\$ 6,745,435</u>
<u>23%</u>	<u>77%</u>	<u>100%</u>

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA
EAST CARROLL PARISH HOSPITAL
DEPARTMENTAL EXPENSES
YEARS ENDED MAY 31, 2004 AND 2003**

	<u>Year Ended May 31, 2004</u>		
	<u>Salaries and Wages</u>	<u>Supplies and Other Expenses</u>	<u>Total</u>
ROUTINE SERVICES:			
Hospital	\$ 665,838	\$ 16,446	\$ 682,284
ANCILLARY SERVICES:			
Radiology	111,577	71,119	182,696
Laboratory	156,966	301,460	458,426
Respiratory therapy	-	10,649	10,649
Electrocardiology	-	5,140	5,140
Central supply	-	92,209	92,209
Pharmacy	26,479	117,998	144,477
Emergency Room	-	788,405	788,405
Ambulance	361,930	61,322	423,252
Wound care clinic	-	-	-
Clinic	<u>657,488</u>	<u>183,085</u>	<u>840,573</u>
	1,314,440	1,631,387	2,945,827
OTHER DEPARTMENTS:			
General and administrative	199,771	261,483	461,254
Dietary	43,932	37,641	81,573
Environmental services and plant operations	78,944	131,469	210,413
Medical records	<u>27,201</u>	<u>6,845</u>	<u>34,046</u>
	<u>349,848</u>	<u>437,438</u>	<u>787,286</u>
	<u>\$ 2,330,126</u>	<u>\$ 2,085,271</u>	<u>\$ 4,415,397</u>

Schedule 2

<u>Year Ended May 31, 2003</u>		
<u>Salaries and Wages</u>	<u>Supplies and Other Expenses</u>	<u>Total</u>
\$ 591,395	\$ 13,280	\$ 604,675
82,153	57,646	139,799
144,792	239,425	384,217
-	10,621	10,621
-	2,850	2,850
-	67,941	67,941
26,297	79,198	105,495
-	688,211	688,211
365,559	78,603	444,162
-	109,628	109,628
<u>524,172</u>	<u>163,478</u>	<u>687,650</u>
1,142,973	1,497,601	2,640,574
183,662	220,084	403,746
44,656	26,649	71,305
69,670	108,989	178,659
27,910	2,857	30,767
<u>325,898</u>	<u>358,579</u>	<u>684,477</u>
<u>\$ 2,060,266</u>	<u>\$ 1,869,460</u>	<u>\$ 3,929,726</u>

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA
EAST CARROLL PARISH HOSPITAL
DEPARTMENTAL REVENUE AND EXPENSES
YEARS ENDED MAY 31, 2004 AND 2003**

	<u>Year Ended May 31, 2004</u>			
	<u>Gross Revenue</u>		<u>Expenses</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
ROUTINE SERVICES:				
Hospital	\$ 651,037	10.3	\$ 682,284	11.5
ANCILLARY SERVICES:				
Radiology	279,445	4.4	182,696	3.1
Laboratory	721,468	11.5	458,426	7.7
Respiratory therapy	319,368	5.1	10,649	0.2
Electrocardiology	57,640	0.9	5,140	0.1
Central supply	655,564	10.4	92,209	1.6
Pharmacy	658,533	10.5	144,477	2.4
Emergency Room	728,305	11.6	788,405	13.3
Ambulance	1,247,442	19.8	423,252	7.1
Wound care clinic	-	-	-	-
Clinic	<u>978,367</u>	<u>15.5</u>	<u>840,573</u>	<u>14.1</u>
	5,646,132	89.7	2,945,827	49.5
OTHER DEPARTMENTS	-	-	787,286	13.2
EMPLOYEE BENEFITS	-	-	455,272	7.7
DEPRECIATION	-	-	118,312	2.0
BAD DEBTS	-	-	957,050	16.1
INTEREST	<u>-</u>	<u>-</u>	<u>2,832</u>	<u>-</u>
	<u>\$ 6,297,169</u>	<u>100.0</u>	<u>\$ 5,948,863</u>	<u>100.0</u>

Schedule 3

Year Ended May 31, 2003

<u>Gross Revenue</u>		<u>Expenses</u>	
<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
\$ 429,927	6.4	\$ 604,675	11.5
212,599	3.2	139,799	2.7
562,364	8.3	384,217	7.3
162,226	2.4	10,621	0.2
49,772	0.7	2,850	0.1
533,324	7.9	67,941	1.3
449,156	6.7	105,495	2.0
749,065	11.1	688,211	13.1
2,104,188	31.2	444,162	8.5
616,279	9.1	109,628	2.1
<u>876,535</u>	<u>13.0</u>	<u>687,650</u>	<u>13.1</u>
6,315,508	93.6	2,640,574	50.3
-	-	684,477	13.0
-	-	397,105	7.6
-	-	103,803	2.0
-	-	822,480	15.7
<u>-</u>	<u>-</u>	<u>859</u>	<u>-</u>
<u>\$ 6,745,435</u>	<u>100.0</u>	<u>\$ 5,253,973</u>	<u>100.0</u>

AmSouth Building
200 East Capitol Street
Suite 100 (39201-2200)

Box 23027
Jackson, MS 39225-3027

601 948 6700
Fax 601 948 6000
www.str-cpa.com

Board of Commissioners
East Carroll Parish Hospital Service District, dba
East Carroll Parish Hospital
Lake Providence, Louisiana

**Independent Auditors' Report on Compliance
and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

We have audited the financial statements of East Carroll Parish Hospital Service District, dba East Carroll Parish Hospital (the Hospital) as of and for the year ended May 31, 2004, and have issued our report thereon dated September 2, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the 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 the 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 material weaknesses.

* * * * *

This report is intended for the information of the Board of Commissioners, Management and the Office of the Legislative Auditor of the State of Louisiana and is not intended and should not be used by anyone other than these specified parties.

Smith, Turner & Reeves

September 2, 2004