

**ST. CHARLES PARISH HOSPITAL  
SERVICE DISTRICT**

July 31, 2003

**Management's Discussion and Analysis  
and  
Audits of Financial Statements**

July 31, 2003  
and  
July 31, 2002

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

Release Date 3/24/04

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**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
MANAGEMENT: DISCUSSION AND ANALYSIS**

This section of St. Charles Parish Hospital Service District's (the Hospital) annual financial report presents background information and management's analysis of the Hospital's financial performance during the fiscal year that ended July 31, 2005. Please read it in conjunction with the financial statements in this report.

**Financial Highlights**

- During the year, the Hospital's total operating revenues increased \$375,781 from prior year. The Hospital had an increase in operating expenses of \$399,694.
- The Hospital reduced long-term bonds and certificates of indebtedness by \$1,508,080.
- The Hospital received reimbursement of Uncompensated Care under the State's Medicaid Program in the amount of \$3,296,521.
- In July 2003, the Hospital successfully secured approval on three bond issues through election.
  1. Refunding and retiring outstanding General Obligation Bonds to take advantage of low market rates.
  2. Approval to issue \$18,108,000 of new General Obligation Bonds for the purpose of capital improvements with associated property millage to pay for these improvements.
  3. Renewal of Maintenance and Operating millage for the years 2005 – 2010 at the rate of 2.10 mills.

**Required Financial Statements**

The Basic Financial Statements of the Hospital report information about the Hospital using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Balance Sheets include all of the Hospital's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Hospital and assessing the liquidity and financial flexibility of the Hospital. All of the current year's revenues and expenses are accounted for in the Statement of Revenue, Expenses and Changes in Net Assets. This statement measures improvements in the Hospital's operations over the past two years and can be used to determine whether the Hospital has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Hospital's cash from operations, investing and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
MANAGEMENT: DISCUSSION AND ANALYSIS**

**Financial Analysis of the Hospital**

The Balance Sheets and the Statement of Revenue, Expenses, and Changes in Net Assets report information about the Hospital. These two statements report the net assets of the Hospital and changes in them. Increases or decreases in the Hospital's net assets are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

**Net Assets**

A summary of the Hospital's Balance Sheets are presented in Table 1 below:

**TABLE 1  
Condensed Balance Sheets  
(In Thousands)**

As can be seen in Table 1, total assets decreased by \$431,029 to \$38,485,846 in fiscal year 2000. The

	July 31,		Dollar Change	Percentage Change
	2000	1999		
Total Current Assets	\$ 4,151	\$ 3,841	\$ 310	8.09%
Capital Assets - Net	15,886	15,193	(1,206)	-7.93%
Other Assets, including Board-Dedicated Investments	51	85	(32)	-40.70%
<b>Total Assets</b>	<b>\$ 18,688</b>	<b>\$ 19,119</b>	<b>\$ (431)</b>	<b>-2.25%</b>
Current Liabilities	\$ 10,512	\$ 9,068	\$ 1,444	16.03%
Long-Term Debt Outstanding and Other Long-Term Liabilities	6,422	8,360	\$ (1,938)	-23.04%
<b>Total Liabilities</b>	<b>17,154</b>	<b>17,628</b>	<b>(474)</b>	<b>-2.69%</b>
<b>Net Assets</b>	<b>1,534</b>	<b>1,491</b>	<b>43</b>	<b>2.89%</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 18,688</b>	<b>\$ 19,119</b>	<b>\$ (431)</b>	<b>-2.25%</b>

Fiscal year 2000 saw total assets decrease by \$1,288,148. The change in total net assets in 2000 resulted primarily from non-operating interest expense and operating losses in the current year.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
MANAGEMENT: DISCUSSION AND ANALYSIS**

*Summary of Revenue, Expenses and Changes in Net Assets*

**TABLE 3  
Condensed Statements of Revenue, Expenses and Changes in Net Assets  
(in Thousands)**

	Year Ended	
	July 31	
	2001	2002
Net Patient Service Revenue	\$ 14,591	\$ 14,110
Other Revenue, Net	5,803	5,899
<b>Total Operating Revenue</b>	<b>20,394</b>	<b>20,009</b>
Salaries and Employee Benefits	9,540	9,890
Supplies and Other	5,929	5,989
Provision for Bad Debts	2,459	3,861
Purchased Services	3,119	2,865
Depreciation and Amortization	1,400	1,218
Employee Benefits	1,212	1,228
<b>Total Operating Expenses</b>	<b>24,859</b>	<b>25,851</b>
Loss From Operations	(2,618)	(2,827)
Non-operating Income	2,885	2,458
Expenses in Excess of Revenues	43	(371)
Net Assets - Beginning of Year	1,893	1,882
<b>Net Assets - End of Year</b>	<b>\$ 1,936</b>	<b>\$ 1,511</b>

*Sources of Revenue*

*Operating Revenue*

During fiscal year 2002, the Hospital derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive care in the Hospital's facilities. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established contracts. The difference between the invoiced charges and the established contract is recognized as a contractual allowance. Other Operating Revenue is primarily composed of reimbursement for Uncompensated Care under the State's Medicaid program. Table 3 presents the relative percentages of gross charges billed for patient services by payer for the fiscal years ended July 31, 2001 and 2002.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
MANAGEMENT: DISCUSSION AND ANALYSIS**

**TABLE 3  
Payor Mix by Percentage**

	Year Ended July 31,	
	2002	2001
Managed Care	21%	21%
Medicare	21	18
Medicaid (HMO)	6	20
Medicaid	10	13
Self-Pay and Other	42	27
<b>Total Patient Revenues</b>	<b>100%</b>	<b>100%</b>

**Non-operating Income**

The Hospital holds designated and restricted funds in its Balance Sheets that are invested primarily in equity market funds. These investments earned \$18,171 during the year 2002. These earnings were less than earnings in prior years due to continued changes in interest rates and market conditions of the economy.

**Operating and Financial Performance**

The following summarizes the Hospital's Statements of Revenue, Expenses and Changes in Net Assets between 2001 and 2002:

Overall activity at the Hospital, as measured by combined acute patient and psychiatric patient discharges, decreased to 1,417 discharges in 2002 from 1,512 discharges in 2001. Combined patient days decreased from 9,908 in 2001 to 9,368 in 2002. As a result, the average length of stay for acute care patients was 6.4 days and psychiatric patients 6.7 days. Outpatient visits increased from 13,825 in 2002 to 15,156 in 2001.

Total net patient service revenue increased \$637,626 in 2002 although the average length of stay for acute care patients remained the same in 2002 as compared to 2001. The increase in net patient service revenues is directly related to an increase in outpatient revenues during 2001 and 2002.

During fiscal year 2002, the Hospital's major managed care provider declared bankruptcy. The receivables directly related to services covered by this company amount to approximately \$1,100,000 and remain as part of the Hospital's accounts receivable at this time. The classification of these receivables is presented within the 48% of Self-Pay and Other in the paper mix for 2002. Management has focused resources on reducing the audited and billed balances in all other patient accounts receivable. As a result, days in accounts receivable decreased from 61 days to 56 days.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
MANAGEMENT: DISCUSSION AND ANALYSIS**

Salaries increased by \$48,684 from the prior year. This increase is a direct result of required market adjustments in salaries for the year to remain competitive in the industry. Employee benefits have also increased primarily due to the increased usage of the Hospital's self insured medical insurance plan.

The cost of supplies and other expenses increased by \$79,317 particularly for patient medical supplies and pharmacy drugs.

Depreciation expense exceeded the investment of capital back into the Hospital compared to the prior year. Interest expenses decreased by \$96,837 for the year ended July 31, 2003 as a direct result of the reduced costs of borrowing monies.

Provisions for bad debts decreased \$602,158 over prior year due to the mix of patient accounts receivable.

Non-operating income consists of Ad Valorem taxes received for maintenance and operation of the hospital and debt services and interest earnings on funds. Non-operating income increased from the prior year due to the fact that the cost to borrow money was lower in the current year than in the previous year periods.

**Capital Assets**

The Hospital's capital assets activities are included in Table 4 below:

**TABLE 4  
Capital Assets  
(In Thousands)**

	July 31,		Dollar Change	Percentage Change
	2003	2002		
Building and Improvements	\$ 14,568	\$ 14,768	\$ -	0.00%
Equipment	19,709	18,687	97	0.52%
Vehicles	362	387	(25)	-1.38%
Subtotal	34,639	33,742	897	2.66%
Less: Accumulated Depreciation and Amortization	(12,218)	18,970	1,598	12.79%
Land	380	380	-	0.00%
<b>Total Liabilities and Net Assets</b>	<b>\$ 13,801</b>	<b>\$ 15,132</b>	<b>\$ -1,331</b>	<b>-8.80%</b>

Net property, plant and equipment has decreased, for the year ended July 31, 2003, as Depreciation and Amortization exceeded the investment of capital back into the Hospital.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
MANAGEMENT: DISCUSSION AND ANALYSIS**

**Long-Term Debt**

At year-end, the Hospital had \$12,341,799 in short-term and long-term debt. This has decreased by \$790,608 in fiscal year 2003, which was the amount of principal payments on outstanding debt for the fiscal year. More detailed information about the Hospital's long-term liabilities is presented in the notes to basic financial statements. No new long-term debt was incurred in the current year.

**Contacting the Hospital's Financial Manager**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Hospital's finances and to demonstrate the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Hospital Administration.





To the Board of Commissioners  
St. Charles Parish Hospital Service District  
Luling, Louisiana

#### Independent Auditor's Report

We have audited the accompanying basic financial statements of **ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT** (Hospital), a component unit of the St. Charles Parish Council, as of and for the years ended July 31, 2003 and 2002, as listed in the table of contents. These basic financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of **ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**, as of July 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, to the basic financial statements, effective August 1, 2003, the Hospital adopted Government Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Oversight*; and No. 38, *Certain Financial Statement Note Disclosures*.

The management's discussion and analysis on pages i through vi are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express an opinion on it.

In accordance with Government Auditing Standards, we have issued our report dated December 21, 2001, on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our work.



A Professional Accounting Corporation

December 21, 2001

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
BALANCE SHEETS**

**ASSETS**

	July 31,	
	2003	2002
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,054	\$ 37,218
Accounts Receivable (Net of Estimated Uncollectibles and Allowances of \$4,811,028 for 2003 and \$3,423,668 for 2002)	2,379,885	3,748,655
Other Receivables	318,163	-
Estimated Third Party Settlements	58,363	-
Assets Whose Use is Limited	1,223,871	1,243,398
Inventory	812,006	788,649
Prepaid Expenses	338,672	82,846
Total Current Assets	4,758,952	5,880,667
<b>ASSETS WHOSE USE IS LIMITED</b>		
By Board for Indenture Reserves	1,223,871	1,243,398
By Board for Construction	80,158	804
Total Assets Whose Use is Limited	1,304,029	1,244,402
Less: Amounts Required to Meet Current Obligations	1,223,871	1,243,398
Noncurrent Assets Whose Use is Limited	80,158	804
<b>CAPITAL ASSETS</b>	13,883,336	13,192,308
<b>OTHER ASSETS</b>		
Goodwill	-	85,800
Deposits	480	408
Total Other Assets	480	85,408
Total Assets	\$ 18,688,246	\$ 19,119,075

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

**LIABILITIES AND NET ASSETS**

	July 31,	
	<u>2003</u>	<u>2002</u>
<b>CURRENT LIABILITIES</b>		
Current Maturities of Bonds and Certificates of Indebtedness	\$ 4,400,000	\$ 5,290,000
Accounts Payable	2,433,111	1,996,301
Estimated Third-Party Settlements	-	341,409
Accrued Salaries and Benefits	917,940	1,083,839
Accrued Interest Payable	248,420	284,372
Notes Payable	70,000	74,810
Cash Overdraft	-614,338	138,526
Other Accrued Expenses	<u>37,338</u>	<u>4,142</u>
<b>Total Current Liabilities</b>	<u>10,521,672</u>	<u>9,068,082</u>
<b>LONG-TERM LIABILITIES</b>		
Bonds and Certificates of Indebtedness	2,680,000	2,180,000
Estimated Retrospective Adjustments - Third-Party Payors	750,000	150,000
Notes Payable	<u>151,899</u>	<u>129,921</u>
<b>Total Long-Term Liabilities</b>	<u>3,581,899</u>	<u>2,459,921</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	1,584,325	2,018,276
Unrestricted Net Assets	<u>179,890</u>	<u>623,129</u>
<b>Total Net Assets</b>	<u>1,764,215</u>	<u>2,641,405</u>
 <b>Total Liabilities and Net Assets</b>	 <u>\$ 12,488,646</u>	 <u>\$ 10,119,075</u>

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

	For The Years Ended	
	July 31,	
	2001	2002
<b>NET PATIENT SERVICE REVENUE</b>	\$ 14,990,572	\$ 14,152,946
<b>OTHER OPERATING REVENUE</b>	3,631,807	3,878,993
Total Revenue	18,622,379	18,031,939
<b>OPERATING EXPENSES</b>		
Salaries and Wages	9,546,871	9,892,367
Supplies and Other	5,628,588	5,589,070
Provision for Bad Debts	2,458,965	3,868,123
Purchased Services	2,119,113	2,864,245
Depreciation and Amortization	1,481,545	1,318,346
Employee Benefits	3,138,928	3,135,964
Total Expenses	25,482,000	27,671,318
Loss from Operations	(6,859,621)	(9,639,379)
<b>NON-OPERATING INCOME (EXPENSE)</b>		
All Voluntary Trans - Maintenance	1,711,780	1,602,948
All Voluntary Trans - Debt Service	1,395,333	1,549,188
Interest Expense	(600,869)	(714,216)
Interest Income	16,181	36,946
Net Assets - Service Corporation	13,862	(18,152)
Non-Operating Gains, Net	2,636,587	2,415,964
<b>REVENUES IN EXCESS OF EXPENSES (EXPENSES IN EXCESS OF REVENUES)</b>	\$ 43,171	\$ (771,417)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	1,491,148	1,862,565
<b>NET ASSETS AT END OF YEAR</b>	\$ 1,534,319	\$ 1,091,148

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

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**STATEMENTS OF CASH FLOWS**

	For The Year Ended	
	July 31,	
	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Revenue Collected	\$ 16,919,521	\$ 17,701,004
Cash Payments to Employees and for Employee-Related Costs	(1,847,287)	(1,851,171)
Cash Payments for Operating Expenses	(3,711,698)	(3,791,668)
Net Cash Used in Operating Activities	<u>(1,735,764)</u>	<u>(941,917)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Ad Valorem Taxes - Maintenance	1,711,160	1,662,948
Ad Valorem Taxes - Debt Service	1,589,375	1,589,180
Net Cash Provided by Non-capital Financing Activities	<u>3,300,535</u>	<u>3,252,128</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(94,855)	(94,117)
Proceeds from Issuance of Certificates of Indebtedness	1,588,000	1,588,000
Principal Payments on General Obligation Bonds	(1,215,000)	(1,145,000)
Principal Payments on Certificates of Indebtedness	(4,779,000)	(4,628,000)
Interest Paid on Debt Obligations	(792,239)	(792,111)
Proceeds from Issuance of Notes Payable	15,000	219,000
Principal Payments on Notes Payable	(55,294)	(54,982)
Proceeds from Issuance of Capital Lease Obligations	-	18,000
Principal Payments Under Capital Lease Obligations	(15,982)	(3,478)
Net Cash Used in Capital and Related Financing Activities	<u>(1,651,265)</u>	<u>(1,654,695)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	14,191	16,046
Change in Net Assets - Service Corporation	11,863	(18,207)
Cash (Granted in) Withdrawals from Assets Whose Use is Limited	(33,629)	411,287
Net Cash Provided by Investing Activities	<u>1,427</u>	<u>411,626</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(15,262)</u>	<u>11,938</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>47,208</u>	<u>4,288</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 31,946</u>	<u>\$ 16,226</u>

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

**St. Charles Parish Hospital Service District**  
**STATEMENTS OF CASH FLOWS (Continued)**

	For The Years Ended	
	July 31	
	2011	2010
<b>RECONCILIATION OF LESS FROM OPERATIONS TO NET CASH USED IN OPERATIONS</b>		
Operating Loss	\$ (2,678,179)	\$ (3,657,378)
Cash Provided by Operating Activities:		
Depreciation and Amortization	1,483,545	1,316,346
Provision for Doubtful Accounts	2,458,565	1,661,231
Goodwill Writeup Off	83,000	-
Changes in Operating Assets and Liabilities:		
(Increase) in Accounts Receivable	(2,896,179)	(3,565,535)
(Increase) in Estimated Third Party Settlements	(78,343)	-
Decrease (Increase) in Inventory	86,411	(99,479)
(Increase) in Prepaid Expenses	(44,124)	(2,200)
(Increase) in Estimated Third Party Payer Settlements	(263,609)	(97,344)
(Increase) Decrease in Other Receivables	(218,465)	27,521
Increase in Accounts Payable	586,110	317,427
(Increase) Increase in Accrued Salaries and Benefits	(81,098)	166,866
Increase in Cash Overhead	254,312	189,526
Increase in Other Accrued Expenses	53,384	1,621
	\$ (1,752,788)	\$ (381,817)
Net Cash Used in Operating Activities	\$ (1,752,788)	\$ (381,817)

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

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

**DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT (Hospital)**, a special district and component of St. Charles Parish (Parish), was formed for the purpose of operating St. Charles Parish Hospital, a non-profit community hospital established in 1936. The Board of Commissioners is the governing authority for the Hospital and responsible for obtaining voter approval for the levy of tax or debt issuance, but all related Louisiana State Bond Commission approvals must be obtained through the Parish.

**ST. CHARLES HOSPITAL SERVICES CORPORATION (Corporation)** is a not-for-profit entity providing clinical services to inmates at the parish jail. Although the Corporation is legally separate from the Hospital, the Corporation is reported as if it were a part of the Hospital because of the presence of a shared governing body with the Hospital. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, the operations of the Corporation, for the years ended July 31, 2003 and 2002 have been included in the Hospital's financial statements. In preparing these financial statements all inter-entity transactions and balances have been eliminated. On August 1, 2003, the operations of the Corporation were transferred to the St. Charles Community Health Center, Inc., an unrelated company.

**ACCOUNTING STANDARDS**

The financial statements of the Hospital have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 29, *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 or contradict GASB pronouncements.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include investments in highly liquid debt instruments with maturities of three months or less, including amounts whose use is limited by board designation, other arrangements under trust agreements, or with third-party payors.

**ASSETS WHOSE USE IS LIMITED**

Assets whose use is limited include assets set aside by the Board of Commissioners for future capital improvements and future indebtedness agreements, over which the Board retains control and may at its discretion subsequently use for other purposes; assets set aside in accordance with agreements with third-party payors; and assets held by trustees under indebtedness agreements and self-insurance trust agreements.



**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

**DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**INVENTORY**

Inventory is valued at the lower of cost or market using the first-in, first-out method.

**NET ASSETS**

Net assets represent the difference between assets and liabilities. Net asset classifications are defined as follows:

**Net Assets Invested in Capital Assets, Net of Related Debt** – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt) excludes unspent debt proceeds.

**Restricted Net Assets** – Net assets are reported as restricted when there are limitations imposed on their use, either through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Assets** – This component of net assets consists of constraints placed on net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt," as described above.

The Hospital first applies restricted resources when expenditure is incurred for purposes for which both restricted and unrestricted net assets are available.

**PROPRIETARY FUND ACCOUNTING**

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

**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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

**DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**NET PATIENT SERVICE REVENUE AND RELATED RECEIVABLES**

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. The Hospital provides care to patients even though they may lack adequate insurance or may be covered under contractual arrangements that do not pay full charges. As a result, the Hospital is exposed to certain credit risks. The Hospital manages such risk by regularly reviewing its accounts and contracts, and by providing appropriate allowances.

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a timely basis. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

**NON-DIRECT RESPONSE ADVERTISING**

The Hospital expenses advertising costs as incurred.

**RISK MANAGEMENT**

The Hospital is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, contract and obligations, injuries to employees, and natural disasters.

The Hospital is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self-insurance of (1) Hospital professional liability and comprehensive general liability and (2) Statutory workers' compensation. The Hospital continues to carry commercial insurance for all other risks of loss.

**COMPENSATED ABSENCES**

Employees of the Hospital are entitled to paid time off depending on their length of service and other factors. Accrued compensated absences included as a component of accrued salaries and benefits on the Hospital's Balance Sheets were \$166,383 and \$295,571 as of July 11, 2009 and 2008, respectively.

**OTHER RECEIVABLES**

Other receivables include amounts due from the St. Charles Community Health Center, Inc. (Health Center), an associated company, for operating expenses and other miscellaneous expenses associated with the startup of the Health Center. Management believes these receivables are fully collectible.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

**DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as other income and expense.

**NOTE B**

**NET PATIENT SERVICE REVENUE**

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

**Medicare** - The Hospital is paid for inpatient acute care services rendered to Medicare program beneficiaries under prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The prospectively determined classification of patients and the appropriateness of the patients' admissions are subject to validation reviews by a Medicare peer review organization, which is under contract with the Hospital to perform such reviews.

The Hospital is paid for inpatient psychiatric care services rendered to Medicare program beneficiaries under cost reimbursement methodologies and are subject to cost report settlement.

Outpatient services and inpatient psychiatric services were paid via cost reimbursement methodologies, fee schedule limitations, or cost-for-Medicaid methodologies before August 1, 2000. After August 1, 2000, cost based and cost-for-Medicaid reimbursed services are paid at predetermined outpatient rates, subject to certain stop-loss provisions referred to by Medicare as the transitional corridor. The transitional corridor will limit potential reductions in reimbursement caused by the implementation of the outpatient prospective payment system through 2000. Cost reimbursed outpatient services were paid at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits performed thereof by the Medicare fiscal intermediary. Outpatient services subject to the outpatient prospective payment system are not subject to cost report settlement with several exceptions, and without regard to the transitional corridor.

The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through July 31, 2001.

**Medicaid** - Inpatient care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through July 31, 1999.

ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

**NOTE B**

**NET PATIENT SERVICE REVENUE (Continued)**

The Hospital has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively-determined rates per discharge, discounts from established charges and prospectively-determined daily rates.

Since the Hospital serves a disproportionate share of low-income patients, it qualifies for Medicaid Disproportionate Share reimbursements. Medicaid Disproportionate Share reimbursements of \$1,296,519 were received in the State of Louisiana's years ended June 30, 2003 and 2002. These amounts are subject to audit by the State of Louisiana. It is possible that settlement amounts may arise as a result of such audits; as such, management has established an estimated liability for such retroactive adjustments of \$158,000 as of July 31, 2003 and 2002.

**NOTE C**

**CONCENTRATIONS OF CREDIT RISK**

The Hospital grants credit without collateral to its patients, most of whom are residents of St. Charles Parish and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers was as follows as of July 31, 2003:

Medicare	29%
Medicaid	17%
Commercial	38%
Private Pay Patients	16%
	100%

**NOTE D**

**CHARITY CARE**

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenues. The Hospital maintains records to identify and monitor the level of charity care it provides to all of its qualifying patients. These records include the amount of charges forgiven for services and supplies furnished under its charity care policy.

For the years ended July 31, 2003 and 2002, the Hospital wrote off a combined \$948,011 and \$811,800, respectively, of free care against gross revenues.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE E**

**BANK DEPOSITS**

Deposits with financial institutions, which include assets whose use is limited or restricted, net of bank overdrafts, amounted to \$668,640 and \$1,162,000 as of July 31, 2003 and 2002. Louisiana Statutes require that all of the Hospital's deposits be protected by insurance or collateral. In addition, there are three categories of credit risk that apply to the government's cash and investments:

1. Insured or registered or for which the securities are held by the government or the government's agent in the government's name;
2. Uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Hospital's name; or
3. Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Hospital's name.

These balances were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name.

**NOTE F**

**ASSETS WHOSE USE IS LIMITED**

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. The composition of assets, whose use is limited at July 31, 2003 and 2002, is set forth in the following table.

	July 31,	
	2003	2002
<b>By Bond for Construction</b>		
Cash and Cash Equivalents	\$ 51,158	\$ 804
<b>Under Indenture Agreements</b>		
Cash and Cash Equivalents	417,476	419,724
Certificates of Deposit	384,385	810,872
	1,233,019	1,241,399
	<b>\$ 1,273,629</b>	<b>\$ 1,241,629</b>

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C**

**CAPITAL ASSETS**

Capital assets activity as of and for the years ended July 31, 2003 and 2002 is as follows:

	July 31, 2003	2003	Transfer And Disposal	July 31, 2002
<b>Capital Assets, Not Being Depreciated - Land</b>	<b>\$ 29,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,000</b>
<b>Total Capital Assets Not Being Depreciated</b>	<b>29,000</b>	<b>-</b>	<b>-</b>	<b>29,000</b>
<b>Capital Assets, Being Depreciated:</b>				
Buildings and improvements	14,701,730	-	-	14,701,730
Equipment	36,605,847	96,890	-	36,605,847
Vehicles	367,648	-	(2,870)	364,778
<b>Total Capital Assets Being Depreciated</b>	<b>15,105,225</b>	<b>96,890</b>	<b>(2,870)</b>	<b>15,105,225</b>
<b>Less Accumulated Depreciation (Net)</b>				
Buildings and improvements	4,095,691	(193,100)	-	4,288,791
Equipment	4,215,288	184,183	-	4,399,471
Vehicles	180,284	43,798	(2,870)	180,202
<b>Total Accumulated Depreciation</b>	<b>8,491,263</b>	<b>1,425,181</b>	<b>(2,870)</b>	<b>8,491,263</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>6,613,962</b>	<b>(3,428,291)</b>	<b>-</b>	<b>6,613,962</b>
<b>Organizational Capital Assets, Net</b>	<b>\$ 11,000,000</b>	<b>\$ 11,000,000</b>	<b>\$ -</b>	<b>\$ 11,000,000</b>

  

	July 31, 2002	2002	Transfer And Disposal	July 31, 2001
<b>Capital Assets, Not Being Depreciated - Land</b>	<b>\$ 29,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,000</b>
<b>Total Capital Assets Not Being Depreciated</b>	<b>29,000</b>	<b>-</b>	<b>-</b>	<b>29,000</b>
<b>Capital Assets, Being Depreciated:</b>				
Buildings and improvements	14,701,730	24,700	-	14,701,730
Equipment	36,605,847	136,834	-	36,605,847
Vehicles	367,648	341,800	(104,000)	364,778
<b>Total Capital Assets Being Depreciated</b>	<b>15,105,225</b>	<b>503,334</b>	<b>(104,000)</b>	<b>15,105,225</b>
<b>Less Accumulated Depreciation (Net)</b>				
Buildings and improvements	4,095,691	(193,100)	-	4,288,791
Equipment	4,215,288	190,947	-	4,399,471
Vehicles	217,684	40,447	(19,100)	238,931
<b>Total Accumulated Depreciation</b>	<b>8,528,663</b>	<b>1,425,294</b>	<b>(19,100)</b>	<b>8,528,663</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>6,576,562</b>	<b>(921,960)</b>	<b>(104,100)</b>	<b>6,576,562</b>
<b>Organizational Capital Assets, Net</b>	<b>\$ 11,000,000</b>	<b>\$ 11,000,000</b>	<b>\$ 100,000</b>	<b>\$ 11,100,000</b>

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE C**

**CAPITAL ASSETS (Continued)**

Depreciation charged to income totaled \$1,803,945 and \$1,118,168 for the years ended July 31, 2003 and 2002.

Plant and equipment acquisitions are recorded at cost. The Hospital's policy is to record acquisitions over \$1,000. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method.

Maintenance, repairs and minor replacements and improvements are expensed as incurred. Major replacements and improvements are capitalized at cost.

**NOTE D**

**LONG-TERM DEBT AND OTHER LIABILITIES**

The following tables summarize the Hospital's long-term liability activity for the years ended July 31, 2003 and 2002 (refer to Note B for bond issuances and refunding, subsequent to July 31, 2003):

	July 31, 2003		July 31, 2002		See Note Two (a)
	dollars	dollars	dollars	dollars	
Capital Revenue Bonds, Series 1992A	\$ 551,000	\$ -	\$ ( 511,000)	\$ 580,000	\$ 600,000
Capital Revenue Bonds, Series 1992B	175,000	-	( 131,000)	70,000	60,000
Capital Revenue Bonds, Series 1992C	3,025,000	-	( 298,000)	2,745,000	4,020,000
Capital Revenue Bonds, Series 1992D	700,000	-	( 25,000)	680,000	100,000
Capital Revenue Bonds, Series 1992E	2,500,000	-	( 804,000)	2,400,000	1,000,000
Certificate of Participation, Series 1992	1,480,000	-	( 315,000)	1,070,000	300,000
Certificate of Participation, Series 2001	1,000,000	-	( 210,000)	800,000	260,000
Certificate of Participation, Series 2002	1,500,000	-	( 1,400,000)	-	-
Certificate of Participation, Series 2002a	-	100,000	( 100,000)	-	-
Certificate of Participation, Series 2003	-	4,700,000	-	4,500,000	4,000,000
Equipment Note Payable - Bonds	13,683	-	( 13,683)	-	-
Equipment Note Payable - Five National	234,442	-	( 24,000)	180,000	50,750
Equipment Note Obligations	54,000	-	( 13,000)	41,000	10,000
Equipment Note Payable - Specialty	-	20,000	( 1,000)	20,000	4,000
De. Receivable - Adjustment Liability - Bond Rep. Pay on (Note B)	100,000	-	-	100,000	-
	<u>\$ 10,000,000</u>	<u>\$ -</u>	<u>\$ ( 2,041,000)</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE B**

**LONG-TERM DEBT AND OTHER LIABILITIES (Continued)**

	July 31, 2001	2000	2000	July 31, 2001	Per Weighted Avg Rate
Hospital Revenue Bonds, Series 1998	\$ 50,000	\$ -	\$ (50,000)	\$ 50,000	\$ 7.50%
Hospital Revenue Bonds, Series 1998	25,000	-	(25,000)	25,000	7.50%
Hospital Revenue Bonds, Series 1992A	1,800,000	-	(1,800,000)	1,800,000	7.00%
Hospital Revenue Bonds, Series 1992B	800,000	-	(800,000)	790,000	7.00%
Hospital Revenue Bonds, Series 1994	1,775,000	-	(1,775,000)	1,784,000	6.50%
Certificate of Indebtedness, Series 1991	1,775,000	-	(1,775,000)	1,660,000	6.75%
Certificate of Indebtedness, Series 2001 A	1,800,000	-	(1,800,000)	-	-
Certificate of Indebtedness, Series 2001 B	1,700,000	-	(1,700,000)	-	-
Certificate of Indebtedness, Series 1999C	800,000	-	(800,000)	-	-
Certificate of Indebtedness, Series 2001	1,500,000	-	(1,500,000)	1,680,000	6.25%
Certificate of Indebtedness, Series 2002	-	1,000,000	-	1,000,000	6.00%
Refinance Note Payable - Finance	42,770	-	(42,770)	44,644	7.64%
Refinance Note Payable - First National	-	284,000	(284,000)	284,414	6.40%
Capital Lease Obligation	-	50,000	(50,000)	54,974	6.70%
Net Accruals Adjustment Liability: Treasury Paper (See B)	-	70,000	-	70,000	-
	<u>\$ 14,180,000</u>	<u>\$ 1,404,000</u>	<u>\$ 14,584,000</u>	<u>\$ 14,954,000</u>	<u>\$ 7.040%</u>

On November 18, 1990, the Hospital adopted a resolution issuing \$1,670,000 of General Obligation Bonds, Series 1990A, and \$130,000 of General Obligation Bonds (Taxable), Series 1990B dated September 1, 1990, payable from the pledge of unlimited Ad Valorem taxes approved by an election held on May 5, 1990 for the purpose of expanding the Hospital facilities. The bonds mature in 2021. Interest is payable on September 1 and March 1, each year. The average interest rate is 7.75%.

On April 22, 1992, the Hospital adopted a resolution issuing \$4,901,000 of General Obligation Bonds, Series 1992A and \$1,208,000 of General Obligation Bonds (Taxable), Series 1992B, payable from the pledge of unlimited Ad Valorem taxes approved by an election held April 13, 1992 for the purpose of expanding the Hospital facilities. The bonds mature in 2027. Interest is payable on September 1 and March 1, each year. The average interest rate is 7.15%. See Note F for subsequent bond activity.

On January 28, 1994, the Hospital adopted a resolution issuing \$1,550,000 of Certificates of Indebtedness, Series 1994, dated March 18, 1994, payable from the pledge of limited Ad Valorem taxes approved by an election held November 15, 1993 for the purpose of constructing and/or improving hospital facilities and acquiring the necessary equipment and furnishings therefor, and for refunding the outstanding Certificates of Indebtedness, Series 1991. The bonds mature in 2008. Interest is payable on September 1, and March 1, each year. The average interest rate is 4.65%.



ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE III

LONG-TERM DEBT AND OTHER LIABILITIES (Continued)

On January 23, 1998, the Hospital adopted a resolution issuing \$4,040,000 of General Obligation Bonds, Series 1998, payable from the pledge of undivided Ad Valorem taxes approved by an election held November 13, 1997 for the purpose of constructing and acquiring buildings, machinery and equipment, including both real and personal property, to be used in providing hospital facilities. The bonds mature in 2027. Interest is payable on September 1, and March 1, each year. The average interest rate is 5.125%.

On May 28, 2001, the Hospital adopted a resolution issuing \$1,200,000 of Certificates of Indebtedness, Series 2001, payable from the pledge of limited Ad Valorem taxes approved by an election held November 15, 1997, for the purpose of constructing and maintaining hospital facilities within said District. The bonds mature in March 2006. Interest is payable on March 1 and September 1, each year. The interest rate is 6%.

On January 8, 2002, the Hospital adopted a resolution issuing \$1,500,000 of Certificates of Indebtedness, Series 2002, payable from the pledge of revenues of said District for the purpose of paying the current expenses of the District for the calendar year 2002. The bonds mature in 2003. The interest rate is 4.57%.

On May 3, 2005, the Hospital adopted a resolution issuing \$4,500,000 of Certificates of Indebtedness, Series 2005, payable from the pledge of revenues of said District for the purpose of paying the current expenses of the district for the calendar year 2005. The bonds mature in 2004. The interest rate is 6%.

During the year ended July 31, 2000, the Hospital borrowed funds for the acquisition of E. Beazley, M.D., Professional Medical Corporation. The loan originated in the amount of \$81,000, and is repayable in 36 monthly installments totaling \$1,685 per month including interest at 8.5%. The loan is secured by a promissory note.

During the year ended July 31, 2002, the Hospital borrowed funds for the acquisition of equipment. The loan originated in the amount of \$200,500, and is repayable in 60 monthly installments totaling \$1,241 per month, including interest at 7.5%. The loan is secured by equipment.

During the year ended July 31, 2002, the Hospital borrowed funds for the acquisition of computer equipment under capital lease. The amount of equipment acquired totaled \$75,400, and is repayable in 60 monthly installments totaling \$1,494 per month, including interest at 9.65%. The loan is secured by equipment.

During the year ended July 31, 2003, the Hospital borrowed funds for the acquisition of building improvements. The amount of the improvements acquired totaled \$15,000, and is repayable in 60 monthly installments totaling \$400 per month, including interest at 7%. The loan is secured by the building improvements.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE H**

**LONG-TERM DEBT AND OTHER LIABILITIES (Continued)**

Scheduled maturities on long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>
2004	\$ 6,476,388	\$ 347,838
2005	2,086,429	303,860
2006	2,211,934	386,704
2007	1,567,874	72,320
2008	<u>3,773</u>	<u>173</u>
	<b>\$ 12,142,414</b>	<b>\$ 1,099,902</b>

**NOTE I**

**PENSIONS**

Substantially all employees of the Hospital are members of the Parochial Employees' Retirement System of Louisiana (System), a cost sharing, multiple-employer public employee retirement system, controlled and administered by a separate board of trustees.

The System provides retirement and disability benefits, annual costs-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute. The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial information and required supplementary information for the System. That report may be obtained by writing to Thomas B. Sims, CPA, Administrative Director, P.O. Box 14416, Baton Rouge, LA 70804-0416, or by calling 225-938-1361.

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. All eligible employees are required by state statute to contribute 0.50% of their salaries to the System. In accordance with state statutes, the employer contributions are determined by actuarial valuation and are subject to change annually based on the results of the valuation for the prior fiscal year.

Retirement contributions totaled \$776,493, \$107,383 and \$425,337 for the years ended July 31, 2003, 2002 and 2001, respectively.

**NOTE J**

**INCOME TAXES**

The Hospital is a governmental unit which has registered as a not-for-profit corporation as described in Section 501(c)(1) of the Internal Revenue Code, and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE K**

**COMMITMENTS**

**CAPITAL LEASES**

The Hospital is the lessee of medical equipment under capital lease originally expiring in April 2008. The assets associated with these capital leases are recorded at the lower of the present value of the minimum lease payments or fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under leases is included in depreciation expense for the years ended July 31, 2003 and 2002.

**OPERATING LEASES**

The Hospital also leases, on a month-to-month basis, medical and office equipment under operating lease agreements. Lease expense totaled \$204,936 and \$137,645 for the years ended July 31, 2003 and 2002.

**PURCHASE AGREEMENTS**

The Hospital entered into a contract with Baxter Healthcare to purchase infusion equipment. The term of the equipment is three years, through the year ending July 31, 2003, with an annual purchase commitment of \$355 for 2003.

During the fiscal year ended July 31, 2002, the Hospital entered into a long-term purchase contract with Brodeur Center for the purchase of equipment and supplies. The term of the contract is five years, through the year ending July 31, 2007, and it requires the Hospital to purchase annual minimum supplies of \$11,134.

**EMPLOYMENT CONTRACTS**

The Hospital has an employment contract with its CEO. The term of the contract extends through 2005. The Hospital is contractually obligated to pay this contract at a rate of \$160,000 per year.

**MANAGEMENT CONTRACTS**

The Hospital has a management contract with Efficient Management Company, Inc. with terms through May 2005 to manage the Hospital's psychiatric unit. The Hospital is contractually obligated to pay this company an annual total of at least \$120,000, but not more than \$200,000, as dictated by certain revenue factors.

**DEFERRED COMPENSATION PLAN**

The Hospital offers to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all Hospital employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, and the benefits may not be diverted to any other use.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE K**

**COMMITMENTS (Continued)**

It is the opinion of Hospital management that the Hospital has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**NOTE L**

**ACCOUNTING PRONOUNCEMENTS**

The Hospital has adopted Governmental Accounting Standards Board Statement (GASBS) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASBS No. 34 established standards for external financial reporting for all state and local entities. It requires the classification of net assets into three components, as described in Note A. The adoption of GASBS No. 34 had no effect on the basic financial statements except for the classification of net assets in accordance with the statement, the reclassification of interest income to non-operating revenues, the reclassification of interest expenses to non-operating expenses, and the change from the indirect to the direct method of reporting cash flows from operating activities.

**NOTE M**

**RECLASSIFICATIONS**

Certain items in the financial statements as of and for the year ended July 31, 2002 have been reclassified to be consistent with the July 31, 2003 presentation. These reclassifications had no effect on the overall change in net assets and the total net assets for the year ended July 31, 2002.

**NOTE N**

**SUBSEQUENT BOND ISSUANCES AND REPAYING**

**SERIES 2004 BONDS**

As authorized in an election held July 18, 2003, the Hospital has begun the process of issuing \$5,300,000 of General Obligation Bonds, Series 2004, to be dated March 1, 2004. The purpose of the issue is for purchasing, acquiring, and constructing lands, buildings, machinery, equipment and furnishings, including both real and personal property, to be used in providing Hospital facilities. It is anticipated that the bonds will be delivered on or about March 2, 2004. The outstanding principal of the bonds will be repaid in 20 annual installments ranging from \$218,000 to \$300,000 beginning March 1, 2004, with the final installment due March 1, 2024.

Interest on the bonds will be payable September 1, 2004, and semiannually thereafter on March 1 and September 1 until maturity.

The maximum interest rate allowable on the issue is 7% per annum. The bonds maturing March 1, 2015, and thereafter, are callable by the Hospital in full or in part at any time on or after March 1, 2014, at the principal amount thereof plus accrued interest to the date fixed for redemption. The bonds are secured by and payable from authorized Ad Valorem taxation.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE N**

**SUBSEQUENT BOND ISSUANCES AND REFUNDING (Continued)**

**SERIES 2004 BONDS (Continued)**

The series 2004 bond issuances referred to above is the first installment of the Hospital's proposed financing plan, which includes maintaining the Hospital's current college and issuing additional bonds as follows:

<u>Year</u>	<u>Amount</u>
2005	\$ 5,000,000
2006	5,000,000
2007	5,000,000
2008	<u>5,000,000</u>
	<b>\$ 20,000,000</b>

**SERIES 2003A AND 2003B BONDS**

Prior to the issuance of the Series 2004 General Obligation Bonds detailed above, the Hospital adopted a resolution on October 16, 2003, issuing \$1,745,000 General Obligation Refunding Bonds, Series 2003A, and \$400,000 Taxable General Obligation Refunding Bonds, Series 2003B. These bonds were issued December 3, 2003 for the purpose of refunding and extending the Hospital's Series 1990A General Obligation Bonds, Series 1990B General Obligation Bonds, Series 1992A General Obligation Bonds, Series 1992B General Obligation Bonds (Taxable), and to pay the cost of issuance. Interest on the Series 2003A and series 2003B bonds is payable on March 1, 2004, and semiannually thereafter on March 1 and September 1.

The Series 2003A bonds mature according to maturity schedules contained in the bond documents beginning on March 1, 2008 with scheduled maturities ranging from \$200,000 to \$245,000 each year through March 1, 2013. The final \$1,405,000 of Series 2003A bonds maturing in 2013 are subject to mandatory sinking fund redemptions beginning March 1, 2014 through final maturity of March 1, 2018. Interest rates associated with this series range from 7% to 4.50%.

The Series 2003B bonds mature, according to maturity schedules contained in the bond documents, beginning on March 1, 2008. Scheduled maturities range from \$15,000 to \$70,000 each year through March 1, 2012. The final \$308,000 of Series 2003B bonds are subject to mandatory sinking fund redemptions beginning March 1, 2013 through final maturity at March 1, 2018. Interest rates associated with this series range from 4.125% to 6%.

The Series 2003A and Series 2003B bonds are secured by and payable from unlimited Ad Valorem taxes.

ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 6

OTHER REORGANIZATION EVENTS

During the year ended July 31, 2003, the Hospital formed St. Charles Healthcare Ventures, L.L.C., (Healthcare Ventures) a Louisiana Limited Liability Company, for the purpose of owning and leasing imaging equipment. On August 21, 2003, the Hospital contributed equipment with an appraised fair value of \$233,000 to Healthcare Ventures. In return the Hospital received 100% of the membership interests in the Healthcare Ventures. Upon contribution of assets to the Company, the Hospital entered into a lease agreement with Healthcare Ventures for certain diagnostic imaging equipment for a 36-month term, with lease payments of \$17,000 a month. The lease is non-cancelable and does not contain any early termination provisions.

Immediately upon the transfer of the equipment, the Hospital sold 94% of the membership interests in the Healthcare Ventures to St. Charles Physician Investment Group, L.L.C., a Louisiana Limited Liability Company, (the Group). Concurrent with the sale of the membership interests to the Group, a Put and Call Option agreement was executed between the Group and the Hospital; whereby, after a six-month period (option period), the Group has the option to require the Hospital to purchase, and the Hospital has the option to require the Group to sell, the Group's interest in the Company.

Management has indicated that it is fully expected that either the Group or the Hospital will exercise the option at the end of the Option Period.



To the Board of Commissioners  
St. Charles Parish Hospital Service District  
Luling, Louisiana

**Independent Auditor's Report  
on Supplementary Information**

Our report on our audit of the basic financial statements of ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT for the years ended July 31, 2003 and 2002 appears on page 3. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown on pages 22 - 27 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.

A Professional Accounting Corporation

December 22, 2003

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
SCHEDULES OF NET PATIENT SERVICE REVENUES**

	For The Years Ended	
	July 31,	
	2000	1999
<b>PATIENT SERVICE REVENUES</b>		
Laboratory	\$ 3,352,347	\$ 4,966,066
Psychiatric Unit	3,698,880	3,899,317
Emergency Room	3,451,667	3,453,168
Pharmacy	3,093,963	2,950,539
Radiology	2,341,883	2,058,338
Operating Room	1,859,037	1,888,727
Respiratory Med/Surg	1,378,532	1,812,372
CT Scanner	1,349,766	1,397,612
Ambulance	1,429,773	1,454,686
Central Supply	1,117,677	928,663
ICU	987,884	940,380
Inhalation Therapy	714,841	708,286
Rehabilitation	597,335	514,532
MRI	428,135	462,530
Pediatric Center	328,588	315,671
EEG	277,215	262,589
Anesthesia	225,458	476,980
Recovery Room	186,000	181,993
Cardiac	188,773	174,481
Blood Bank	171,833	196,489
Dialysis	148,278	197,120
Occupational Therapy	180,354	68,870
Same Day Surgery	91,059	123,381
Speech Therapy	89,818	49,323
Special Procedures	77,318	96,681
Dentistry	38,827	49,838
Neurology	36,362	21,897
Wish, Retail/Industrial Outreach	33,340	21,568
Parish Jail Clinic	-	40
<b>Total</b>	<b>29,872,911</b>	<b>28,671,748</b>
Less: Contractual Adjustments	<u>15,882,128</u>	<u>14,278,794</u>
<b>Net Patient Service Revenue</b>	<b><u>\$ 14,990,783</u></b>	<b><u>\$ 14,392,954</u></b>

See independent auditor's report on supplementary information.



**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**SCHEDULES OF OTHER OPERATING REVENUES**

	For The Years Ended	
	July 31,	
	2003	2002
<b>OTHER OPERATING REVENUE:</b>		
Disproportionate Share Revenue	\$ 5,298,523	\$ 5,298,523
Other	152,826	441,918
Cafeteria Sales	132,824	802,228
Rental Income	48,881	58,128
 Total Other Operating Revenue	 \$ 5,633,054	 \$ 6,599,897

See independent auditor's report on supplementary information.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
SCHEDULES OF OPERATING EXPENSES - IN TOTAL BY DEPARTMENT**

	For The Year Ended	
	July 31,	
	2001	2002
<b>NURSING SERVICES</b>		
Med/Surg	\$ 1,896,651	\$ 1,659,792
Intensive Care Unit	338,218	638,981
	<u>1,845,869</u>	<u>1,698,683</u>
<b>OTHER PROFESSIONAL SERVICES</b>		
Emergency Room	1,838,873	1,739,533
Psychiatric Unit	1,778,812	1,832,948
Radiology	1,355,159	1,389,343
Surgical Services	1,215,897	1,304,759
Laboratory	1,035,132	1,024,133
EMS	749,524	768,559
Pharmacy	725,323	680,866
Rehab Services	517,051	494,723
Anesthetics	518,876	388,988
Respiratory Care	402,183	380,180
House Supervision	274,688	218,873
Dr. Whitfield	180,292	191,138
Dialysis	179,258	174,289
ICU	166,047	160,650
Cardiac Rehab	60,258	66,174
PT/Occupancy	31,838	31,643
East Bank Clinic	30,258	23,327
Inf Clinic	893	11,251
	<u>10,836,194</u>	<u>10,363,183</u>

See independent auditor's report on supplementary information.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**SCHEDULES OF OPERATING EXPENSES - IN TOTAL BY DEPARTMENT (Continued)**

	For The Years Ended	
	July 31,	
	<u>2000</u>	<u>2001</u>
<b>GENERAL SERVICES</b>		
Plant Operations	990,896	838,811
Food Service	871,996	503,734
Housekeeping	522,978	490,759
Admitting	338,519	382,859
Materials Management	329,397	247,252
Medical Records (Health Information Management)	309,482	300,258
Quality Management	<u>135,831</u>	<u>75,488</u>
	<u>3,129,600</u>	<u>2,799,262</u>
<b>FISCAL SERVICES</b>		
Business Services	487,807	581,812
Data Processing	235,206	284,271
Accounting	<u>171,818</u>	<u>188,460</u>
	<u>894,831</u>	<u>954,543</u>
<b>ADMINISTRATIVE SERVICES</b>		
Administration	1,683,999	1,838,228
Professional Development	699,153	706,778
Human Resources	282,838	148,699
Marketing/Patient Relations	92,517	80,428
Education	80,883	100,852
Volunteer Services	<u>32,578</u>	<u>38,812</u>
	<u>2,882,967</u>	<u>2,931,798</u>
	19,599,900	18,671,867
<b>DEPRECIATION AND AMORTIZATION</b>	1,083,349	1,338,346
<b>PROVISION FOR BAD DEBTS</b>	<u>3,038,965</u>	<u>3,662,123</u>
	<u>\$ 23,662,616</u>	<u>\$ 23,071,316</u>

See independent auditor's report on supplementary information.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
SCHEDULES OF SALARIES BY DEPARTMENT**

	For The Years Ended	
	July 31,	
	2005	2002
<b>NURSING SERVICES</b>		
Med/Surg	\$ 316,338	\$ 301,340
Intensive Care Unit	336,486	495,053
	<u>1,272,724</u>	<u>1,086,993</u>
<b>OTHER PROFESSIONAL SERVICES</b>		
Psychiatric Unit	888,181	1,025,158
Radiology	688,378	666,818
Emergency Room	821,179	582,313
EMS	946,020	965,469
Laboratory	499,824	464,073
Surgical Services	435,064	425,945
Rehab Services	448,483	380,848
Respiratory Care	254,182	239,879
Anesthesia	251,628	245,152
House Supervision	198,442	195,244
Dr. Whitfield	174,827	115,617
Pharmacy	148,374	169,058
Dialysis	102,724	85,173
POI	88,171	84,292
Cardiac Rehab	79,883	71,364
ENT/Otolary	18,991	17,782
Ear Clinic	993	11,800
	<u>5,814,478</u>	<u>5,782,718</u>

See independent auditor's report on supplementary information.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
SCHEDULES OF SALARIES BY DEPARTMENT (Continued)**

	For The Year Ended	
	July 31,	
	2003	2002
<b>GENERAL SERVICES</b>		
Admining	277,504	231,400
Medical Records (Health Information Management)	268,371	230,925
Housekeeping	242,553	230,780
Food Service	213,438	209,278
Maintenance Management	185,126	189,830
Plant Operations	170,880	135,853
Quality Management	72,722	61,028
	<u>1,445,064</u>	<u>1,290,218</u>
<b>FISCAL SERVICES</b>		
Business Services	282,983	289,624
Accounting	158,823	159,857
Data Processing	98,783	113,092
	<u>540,589</u>	<u>562,573</u>
<b>ADMINISTRATIVE SERVICES</b>		
Professional Development	313,766	307,466
Administration	268,886	285,479
Human Resources	147,694	81,702
Education	62,986	70,474
Volunteer Services	28,824	25,188
	<u>822,096</u>	<u>770,349</u>
	<u>\$ 2,448,071</u>	<u>\$ 2,092,267</u>

See independent auditor's report on supplementary information.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
SCHEDULES OF EMPLOYEE BENEFITS BY DEPARTMENT**

	For The Years Ended July 31,	
	2003	2002
<b>NURSING SERVICES</b>		
Med/Surg	\$ 182,461	\$ 99,115
Intensive Care Unit	76,491	61,754
	<u>181,892</u>	<u>159,869</u>
<b>OTHER PROFESSIONAL SERVICES</b>		
Psychiatric Unit	128,890	137,158
Radiology	60,565	75,628
Emergency Room	90,292	70,006
ED/ES	76,629	67,176
Laboratory	71,591	77,094
Surgical Services	64,531	56,799
Rehab Services	58,947	55,477
Anesthesia	37,510	29,887
Respiratory Care	28,266	28,549
Pharmacy	27,711	21,408
House Supervision	25,896	25,198
Dialysis	16,505	11,681
ICU	13,323	10,123
Cardiac Rehab	11,634	8,673
IV/Oncology	7,734	2,173
	<u>794,137</u>	<u>647,155</u>

See Independent auditor's report on supplementary information.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**SCHEDULES OF EMPLOYEE BENEFITS BY DEPARTMENT (Continued)**

	For The Years Ended	
	July 31,	
	<u>2001</u>	<u>2000</u>
<b>GENERAL SERVICES</b>		
Admitting	28,173	29,888
Housekeeping	22,452	28,123
Medical Records (Health Information Management)	22,183	26,923
Food Service	22,847	26,823
Plant Operations	25,194	19,808
Materials Management	14,176	11,696
Quality Management	18,464	7,729
	<u>187,789</u>	<u>187,860</u>
<b>FISCAL SERVICES</b>		
Business Services	28,608	27,275
Accounting	24,686	19,422
Data Processing	14,906	12,521
	<u>78,200</u>	<u>79,218</u>
<b>ADMINISTRATIVE SERVICES</b>		
Professional Development	22,848	27,275
Administration	22,273	22,196
Human Resources	21,822	20,408
Education	21,258	22,258
Volunteer Service	4,262	3,218
	<u>112,523</u>	<u>95,355</u>
	<u>\$ 1,370,818</u>	<u>\$ 1,325,864</u>

See independent auditor's report on supplementary information.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
SCHEDULES OF PURCHASED SERVICES BY DEPARTMENT**

	For The Year Ended July 31,	
	2009	2008
<b>NURSING SERVICES</b>		
Med/Surg	\$ 130,309	\$ 130,304
Intensive Care Unit	75,434	75,348
	<u>205,743</u>	<u>205,652</u>
<b>OTHER PROFESSIONAL SERVICES</b>		
Emergency Room	1,020,734	971,894
Psychiatric Unit	687,475	621,459
Anesthesia	290,153	76,858
Radiology	71,967	51,882
Surgical Services	30,000	30,000
Radiat Services	12,581	41,861
Laboratory	8,054	3,808
Ear/Nose/Throat Clinic	2,239	4,531
Home Health	-	68,344
EMS	-	369
PCA	-	852
	<u>1,843,663</u>	<u>1,871,852</u>
<b>GENERAL SERVICES</b>		
Housekeeping	46,831	37,937
Quality Management	25,217	-
Food Service	22,114	14,325
Plant Operations	11,052	4,234
Materials Management	6,068	5,894
Medical Records (Health Information Management)	-	748
	<u>111,272</u>	<u>61,138</u>

See independent auditor's report on supplementary information.



**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**SCHEDULES OF PURCHASED SERVICES BY DEPARTMENT (Continued)**

	For The Years Ended	
	July 31,	
	2001	2002
<b>FISCAL SERVICES</b>		
Business Services	20,932	20,709
Data Processing	11,850	4,584
Accounting	-	-
	<u>32,782</u>	<u>25,293</u>
<b>ADMINISTRATIVE SERVICES</b>		
Administration	681,836	651,488
Professional Development	79,862	77,862
Education	4,869	1,608
	<u>766,567</u>	<u>730,958</u>
	<u>\$ 3,118,111</u>	<u>\$ 2,864,945</u>

See independent auditor's report on supplementary information.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
SCHEDULES OF SUPPLIES AND OTHER EXPENSES BY DEPARTMENT**

	For The Years Ended	
	July 31,	
	2000	2002
<b>NURSING SERVICES</b>		
Med/Surg	\$ 177,420	\$ 118,240
Intensive Care Unit	47,897	57,810
	<u>189,310</u>	<u>176,050</u>
<b>OTHER PROFESSIONAL SERVICES</b>		
Surgical Services	664,502	582,100
Laboratory	379,760	399,968
Pharmacy	372,710	308,888
Radiology	471,240	451,639
EMS	124,270	128,335
Emergency Room	102,864	104,208
Psychiatric Unit	73,236	63,972
Dr. Whitfield	31,918	8,977
Anesthetics	21,522	21,839
Respiratory Care	22,179	22,962
East Bank Clinic	18,124	18,376
Rehab Services	18,765	18,549
Dialysis	15,025	17,436
Cardiac Rehab	9,319	9,197
POU	4,520	4,180
House Supervision	360	391
PA/Odentology	50	1,770
Art Clinic	-	121
	<u>2,684,528</u>	<u>2,362,047</u>

See independent auditor's report on supplementary information.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**SCHEDULES OF SUPPLIES AND OTHER EXPENSES BY DEPARTMENT (Continued)**

	For The Year Ended	
	July 31,	
	2000	1999
<b>GENERAL SERVICES</b>		
Plant Operations	723,790	672,682
Food Service	283,177	253,384
Housekeeping	189,438	190,828
Materials Management	124,833	118,328
Medical Records (Health Information Management)	26,869	26,148
Admitting	23,841	23,523.88
Quality Management	7,261	7,681
	<u>1,388,639</u>	<u>1,294,757</u>
<b>FISCAL SERVICES</b>		
Business Services	142,244	152,088
Data Processing	81,624	79,084
Accounting	8,708	8,185.88
	<u>242,677</u>	<u>339,362</u>
<b>ADMINISTRATIVE SERVICES</b>		
Administration	750,354	842,149
Professional Development	280,898	384,787
Marketing-Patient Relations	83,217	88,428
Human Resources	35,822	36,483
Education	8,800	14,428
Volunteer Services	1,852	2,183
	<u>1,121,148</u>	<u>1,328,058</u>
	<u>\$ 3,838,048</u>	<u>\$ 3,189,071</u>

See independent auditor's report on supplementary information.

ST. CHARLES PARISH SCHOOL SERVICE DISTRICT  
 SCHEDULE of assets and liabilities as of 12/31/2009

Rate	Income Payment Date	Payment Amount	Received Payment Date	Scheduled Principal Payment	Unscheduled Principal Payment	Principal Portion of Funds Received	Outstanding
4.00% to 4.75%	Certificate of Indebtedness, Series 1998						
	06/19/03	11,000				1,310,000	1,310,000
	06/19/04	11,000	01/06/04	11,000			
	06/19/04	11,000					
	06/19/04	11,000	01/06/04	11,000			
	06/19/04	11,000					
4.00%	Certificate of Indebtedness, Series 2001						
	07/02/00	75,000				1,000,000	1,000,000
	07/02/00	24,000	01/06/00	24,000			
	07/02/00	11,000					
	07/02/00	27,000	01/06/00	27,000			
	07/02/00	12,000					
4.00%	Certificate of Indebtedness, Series 2003						
	07/02/00	190,170	01/10/00	4,000,000		4,000,000	4,000,000
4.00% to 4.50% p.a. 10%	General Obligation Bonds, Series 1995 A						
	04/19/95	12,884	01/02/94	10,000			
	04/19/95	12,884					
	04/19/95	6,501					
	04/19/95	6,501	01/02/95	10,000			
	04/19/95	1,800					
4.00%	General Obligation Bonds, Series 1995 B						
	04/19/95	3,400				1,000,000	1,000,000
	04/19/95	3,400	01/00/04	4,000			
	04/19/95	3,400					

See Independent Auditor's report for supplementary information

ST. CHARLES HOSPITAL SERVICE DISTRICT  
 ACCOUNTS OF BONDS AND CERTIFICATES OF DEPOSIT/ISSUES (continued)

Basis	Interest System	Principal Amount	Principal Payable Date	Scheduled Principal Payment	Accrual	Principal (Excludes Bond Issue)	Accrual
General Obligation Bonds (2014)	4.00% to 5.00%						
	9/1/2015	50,000	9/1/2014	40,000	1,000,000	1,000,000	1,400,000
	9/1/2014	50,000	9/1/2014	40,000			
	9/1/2014	50,000	9/1/2014	40,000			
	9/1/2014	50,000	9/1/2014	40,000			
	9/1/2014	50,000	9/1/2014	40,000			
	9/1/2014	50,000	9/1/2014	40,000			
	9/1/2014	50,000	9/1/2014	40,000			
General Obligation Bonds (2015)	5.00% to 6.00%						
	9/1/2015	20,000	9/1/2014	15,000	1,000,000	1,000,000	940,000
	9/1/2015	20,000	9/1/2014	15,000			
	9/1/2015	20,000	9/1/2014	15,000			
	9/1/2015	20,000	9/1/2014	15,000			
	9/1/2015	20,000	9/1/2014	15,000			
	9/1/2015	20,000	9/1/2014	15,000			
	9/1/2015	20,000	9/1/2014	15,000			
General Obligation Bonds (2015)	4.125% to 5.125%						
	9/1/2015	40,000	9/1/2014	30,000	1,000,000	1,000,000	1,400,000
	9/1/2014	40,000	9/1/2014	30,000			
	9/1/2014	40,000	9/1/2014	30,000			
	9/1/2014	40,000	9/1/2014	30,000			
	9/1/2014	40,000	9/1/2014	30,000			
	9/1/2014	40,000	9/1/2014	30,000			
	9/1/2014	40,000	9/1/2014	30,000			
Total Interest		1,000,000					1,400,000
Due Within One Year		1,000,000					1,400,000
Long-Term							1,400,000
Total		1,000,000					1,400,000

See independent auditor's report on supplementary information.

ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
SCHEDULE OF BOARD OF COMMISSIONERS  
For The Year Ended July 31, 2003

	Number of Meetings <u>Attended</u>	Total Per Diem <u>Paid</u>
Thomas Chevane	12	\$ 480
Edly Foster	5	\$ 200
Kathleen Landry	11	\$ 440
Thomas D. Loria	10	\$ 400
Kenneth Weber	10	\$ 400



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

To the Board of Commissioners  
St. Charles Parish Hospital Service District  
Lafayette, Louisiana

We have audited the basic financial statements of **ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT** (Hospital) as of and for the year-ended July 31, 2005, and have issued our report thereon dated December 23, 2005. 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 basic 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 these 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 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 basic financial statements and not to provide assurance on the internal control over financial reporting.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Hospital's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements. We noted no matters, which we believe to be reportable conditions. However, we did note other matters involving the internal control over financial reporting that we have reported to management of the Hospital, in a separate letter dated December 23, 2005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not induce a relatively low level of risk that misstatements in amounts that would be material in relation to the basic 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. Our consideration of the internal control over financial reporting would not necessarily disclose all realities in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters, which we believe to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management and the Legislative Auditor of the State of Louisiana, and is not intended to be used or should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:517, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

December 22, 2003



**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**SCHEDULE OF FUND AUDIT FINDINGS**  
**For the Year Ended July 31, 2002**

**COMPLIANCE WITH LAWS AND REGULATIONS**

**Finding 2002-1**

**Condition:** The Hospital was unable to file its annual audit in accordance with LSA-RS 24:214, 10:463, and/or 19:952.

**Recommendation:** The primary cause of the untimely filing was the discovery of alleged fraud by an employee within the Hospital's Payroll Department. Upon discovery, all action needed to complete the audit was postponed until after a full investigation was made and provided to the St. Charles Parish District Attorney and Sheriff's Office. Further delays were created due to scheduling conflicts with the Independent Auditor given their role in the investigation. The Legislative Auditor's office was kept abreast of the events of the alleged fraud during the Hospital's investigation and the effect that this would have on the filing of the audit. There was no recommendation for curing the late filing.

**Current Status:** The reports were filed under the timeframe with which the Legislative Auditor's office was notified.

**INTERNAL CONTROLS OVER FINANCIAL REPORTING**

**Finding 2002-2**

**Condition:** It was discovered that an employee working within the Accounting Department was using their role within Payroll processing to commit fraud. The employee was terminated from employment and an investigation began. The employee was subsequently convicted of committing fraud.

**Recommendation:** We recommended the following:

- That the Hospital contact its software vendor with regards to an update to its Payroll system that would include firewalls and password protection devices that would limit access to various functions within the processing of payroll. With this upgrade, we further recommend:
  - o That employees within the Human Resource Department be excluded from having access to the Payroll Processing function.
  - o That only those employees within the Human Resource department will have access to the Employee Master File.
  - o That only the CFO and her assistant bookkeeper have access to the Bank Reconciliations. Also, distribution of the Check Registers will be limited to these two individuals.
  - o That the ability to print paychecks will be limited to the Director of Human Resource and the CFO.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)**  
**For the Year Ended July 31, 2002**

**INTERNAL CONTROLS OVER FINANCIAL REPORTING (Continued)**

**Finding 2002-2 (Continued)**

- o That the processing of the bi-monthly payroll be limited to the one individual hired for that purpose, and that this person be excluded from access to the employee master file, the check register, the bank reconciliation and the signature stamp.
- That the signature plate used for payroll be locked, with control of said lock maintained by the CFO.
- That management generate a formal procedure for distribution of mail. All correspondence from the Internal Revenue Service should be forwarded to the Administrator for further distribution to the CFO.
- That all employees be required to take annual vacations and that their responsibilities be assumed by another employee during their absence.

*Current Status:* The Hospital purchased the most current release of the payroll component to its software. The Hospital performed its due diligence and was assured that the upgraded software has a firewall and provides for limited access to various components through the use of passwords. Presently, the Hospital is running parallel payroll systems to insure that the new software is performing as prescribed. The CFO is monitoring the use of the signature stamp and will take control as soon as the Hospital relies completely on the new payroll software. This finding is necessary, as a new printer will be used in conjunction with the Hospital copying solely on the new software. The delivery of mail has been reallocated so that all correspondence from the Internal Revenue Service is first delivered to the Administrator. Finally, Management has updated its policy on mandatory vacations and the shifting of job responsibilities during vacations.

**ST. CHARLES PARISH HOSPITAL  
SERVICE DISTRICT**

**AUDIT OBSERVATIONS AND  
RECOMMENDATIONS  
YEAR ENDED JULY 31, 2003**



December 21, 2005

Board of Commissioners  
St. Charles Parish Hospital Service District

In planning and performing our audit of the financial statements of **ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT** for the year ended July 31, 2005, we considered its internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, and not to provide assurance on the internal control. However, during our audit we became aware of matters that we consider opportunities for strengthening internal controls and operating efficiency. The paragraphs that follow summarize our comments and suggestions.

#### **PROPERTY, PLANT & EQUIPMENT**

Differences were noted between the general ledger control accounts and the fixed asset detail which lists the Hospital's owned assets and the accumulated depreciation associated with those assets. While not judged material to the financial statements, differences between this subsidiary and the general ledger hamper the Hospital's ability to demonstrate accountability for capital assets acquired.

Further, many of the items on the fixed asset detail appear to be fully depreciated items that may no longer be on hand or are no longer being used. With the Hospital's upcoming renovations soon to be implemented, the timing seems ideal to update the tagging, tracking and reconciliation of fixed assets. We recommend that on an annual basis, the Accounting department should distribute reports to each department detailing, by department, the fixed assets recorded on the Hospital's subledger. The department heads would then respond as to the accuracy of the reports, which would allow subsequent updates and changes to be made.

We also recommend that the Hospital periodically review its estimated useful lives of depreciable assets, using as a guide the American Hospital Association's "Estimated Useful Lives of Depreciable Hospital Assets," in order to maximize the Hospital's Medicare capital cost reimbursement.



1007 NILE MARLBOROUGH  
MOBILE OFFICE BOX 87  
MOBILE, LOUISIANA 70002

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LEGISLATIVE POSITION

04 FEB 27 PM 10:36

February 26, 2004

Legislative Auditor  
1800 North Third Street  
Baton Rouge, LA 70802

Attention: Systems Officer

Gentlemen:

### CORRECTIVE ACTION PLAN

The St. Charles Parish Hospital Service District respectfully submits the following Corrective Action Plan for the year ended July 31, 2005. The finding from letter to management dated December 23, 2003 is discussed below.

Area/Recommendation - Primary, Phase & Equipment

Description of Recommendation

1. Reconcile differences between the Subsidiary Ledger and General Ledger.
2. Review the subsidiary ledger for fully depreciated and/or obsolete assets. Have department directors annually review their departmental fixed assets.
3. Review estimated useful lives so that they are in accordance with those published in the American Hospital Association's publications.

Corrective Action Plan

Upon completion of each phase of the construction project, the subsidiary ledger will be reconciled to the general ledger for complete agreement. The department directors will be provided with their respective listing so that they may review for obsolete assets. This will also be done on an annual basis. Finally, the new assets will be depreciated using estimated lives as published in the American Hospital Association's publication titled "Estimated Useful Lives of Depreciable Hospital Assets."

Contact Person

Deborah Lubin, Director Accounting

Anticipated Completion Date

Corrective Action will begin in March 2004 as this is when the first phase of construction is to begin.

Sincerely,

St. Charles Parish Hospital

Fred McManus, Jr.  
Chief Executive Officer