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THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
YEARS ENDED JULY 31, 1957 AND 1956
AND
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 SEP 24 1958

VINCENT A. MESSINA, JR.
A PROFESSIONAL ACCOUNTING CORPORATION

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT
 FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
 Years Ended July 31, 1997 and 1996

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The St. Charles Parish Hospital Service District
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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying balance sheets of The St. Charles Parish Hospital Service District as of July 31, 1997 and 1996, and the related statements of revenue, expenses, and retained earnings, and cash flows 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 generally accepted auditing standards, and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 The St. Charles Parish Hospital Service District as of July 31, 1997 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 15, 1997, on our consideration of the Hospital's internal control and a report dated December 15, 1997, on its compliance with laws and regulations.



December 15, 1997

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

BALANCE SHEET

July 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$	\$ 947,281
Investments		100,000
Accounts receivable (net of estimated uncollectibles and allowances of \$580,000 in 1997 and 1996)	6,000,000	6,137,889
Accounts receivable - other	308,376	70,000
Due from Medicare and Medicaid	531,000	
Inventory	320,367	162,184
Prepaid expenses	<u>140,313</u>	<u>173,220</u>
Total current assets	<u>6,091,826</u>	<u>6,450,374</u>
Restricted Assets:		
Maintenance and Operation Fund:		
Cash	75,470	86,451
Bond and Interest Redemption Fund:		
Cash	838,123	89,630
Investments	788,000	1,351,260
Prepaid expenses	323,128	342,838
Construction Fund:		
Cash	41,162	636,324
Investments	<u>1,353,884</u>	<u>2,808,073</u>
Property, plant and equipment	18,053,947	16,714,000
Less accumulated depreciation	<u>5,818,211</u>	<u>4,923,403</u>
	<u>12,235,736</u>	<u>11,790,597</u>
Other Assets:		
Goodwill	<u>46,250</u>	<u>47,501</u>
	<u>209,428,388</u>	<u>211,211,613</u>

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

	<u>1997</u>	<u>1996</u>
LIABILITIES AND FUND EQUITY		
Current liabilities (payable from current assets):		
Accounts payable	\$ 1,595,276	\$ 179,359
Cash overdraft	55,180	
Accrued expenses:		
Vacation	213,178	208,751
Salaries	281,284	288,225
Retirement	228,867	21,673
Payroll and other taxes	9,855	4,211
Insurance and other withholdings	61,276	3,359
Current maturities of long-term debt	103,877	74,743
Due to Medicare and Medicaid		52,288
	<u>2,358,033</u>	<u>1,512,610</u>
Current liabilities (payable from restricted assets):		
Certificates of Indebtedness (due within one year)	335,980	325,000
Public Improvement Bonds (due within one year)	108,880	105,000
General Obligation Bonds (due within one year)	<u>400,100</u>	<u>388,000</u>
	<u>844,960</u>	<u>818,000</u>
Long-term liabilities:		
Certificates of Indebtedness	1,228,000	1,170,880
Public Improvement Bonds	105,000	210,880
General Obligation Bonds	6,388,000	6,180,880
Notes payable less current maturities		<u>64,323</u>
	<u>7,710,000</u>	<u>8,646,963</u>
Fund Equity:		
Retained earnings:		
Reserved for bond indenture	1,955,884	2,868,075
Unreserved - undesignated	<u>7,525,212</u>	<u>7,884,154</u>
	<u>9,481,096</u>	<u>10,752,229</u>
Total Fund Equity	<u>910,428,183</u>	<u>521,331,839</u>

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND RETAINED EARNINGS

Years Ended July 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Patient service revenue	\$27,714,780	\$26,190,449
Less allowances and uncollectible accounts	<u>11,901,435</u>	<u>12,859,847</u>
	<u>15,813,345</u>	<u>13,330,602</u>
Other operating revenue	<u>168,672</u>	<u>151,511</u>
Operating expenses:		
Salaries	8,268,414	8,300,363
Patient supplies	1,914,028	1,818,818
Contracted services	1,435,193	2,198,963
Doctors fees	1,204,294	1,667,264
Leases	1,187,504	1,861,306
Insurance	824,728	699,179
Provision for depreciation	668,312	848,730
Employee benefits	578,418	569,948
Other supplies	489,213	508,660
Repairs and maintenance	440,488	298,837
Rent	381,048	412,358
Accounting and legal	345,975	231,500
Taxes and licenses	227,983	217,620
Utilities - electricity	226,947	228,284
Food	217,055	234,468
Professional development	128,387	203,613
Linens	125,663	108,792
Miscellaneous	121,982	153,848
Telephone	121,929	102,400
Training and travel	87,149	91,066
Utilities - gas	73,220	78,381
Utilities - water	40,827	32,889
Collection fee	37,145	52,293
Postage	<u>33,254</u>	<u>35,152</u>
	<u>12,837,854</u>	<u>12,461,265</u>

(Continued)

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND RETAINED EARNINGS

Years Ended July 31, 1987 and 1986
(Continued)

	1987	1986
Operating loss	(1,038,783)	(2,177,592)
Non-operating revenues (expenses):		
Ad Valorem taxes	2,786,763	2,199,879
Interest income	147,911	289,221
Interest expense	(686,043)	(753,632)
	2,248,631	1,735,468
Net loss	(791,153)	(442,124)
Retained earnings, beginning of year	10,212,242	11,718,320
Retained earnings, end of year	9,421,089	11,276,196

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

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

STATEMENT OF CASH FLOWS

Years Ended July 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Cash flows from operating activities:		
Operating loss	\$13,538,780	\$12,177,980
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	679,563	850,980
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	38,888	(1,353,461)
Increase in accounts receivable - other	(37,898)	(11,897)
(Increase) Decrease in due from Medicare and Medicaid	(811,820)	288,273
(Increase) Increase in due to Medicare and Medicaid	192,248	93,288
(Increase) Decrease in Inventory	(88,873)	8,416
Decrease (increase) in prepaid expenses	51,814	(282,678)
Increase (Decrease) in accounts payable	799,898	(2,811,897)
Increase (Decrease) in accrued expenses	116,858	(14,281)
Net cash used in operating activities	<u>(1,093,202)</u>	<u>(15,277,370)</u>
Cash flows from non-capital financing activities:		
Ad valorem taxes for maintenance	<u>1,756,375</u>	<u>1,138,783</u>
Net cash provided by non-capital financing activities	<u>1,756,375</u>	<u>1,138,783</u>
Cash flows from capital and related financing activities:		
Ad valorem taxes for debt service	1,028,187	1,864,688
Principal payments on public improvement bonds	1105,000	(188,000)
Principal payments on general obligation bonds	1365,099	(338,000)
Principal payments on certificates of indebtedness	(325,000)	(290,000)
Principal payments on notes payable - bank	(55,738)	(88,100)
Interest paid	686,843	(758,628)
Acquisition and construction of assets	<u>(1,288,852)</u>	<u>(473,483)</u>
Net cash used in capital and related financing activities	<u>(1,796,540)</u>	<u>(882,563)</u>

(Continued)

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

STATEMENT OF CASH FLOWS

Years Ended July 31, 1987 and 1986
(Continued)

	<u>1987</u>	<u>1986</u>
Cash Flows from investing activities:		
Purchases of investments	(28,742)	(1,913,329)
Proceeds from maturity of investments	1,183,089	8,330,817
Interest received	<u>147,213</u>	<u>289,223</u>
Net cash provided by investing activities	<u>1,299,541</u>	<u>6,706,699</u>
Net decrease in cash and cash equivalents	(941,927)	(426,511)
Cash and cash equivalents at beginning of year	<u>1,739,422</u>	<u>2,305,933</u>
Cash and cash equivalents at end of year	<u>\$ 797,495</u>	<u>\$ 1,779,402</u>

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

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS

1 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 1958. The Board of Commissioners is the governing authority for the Hospital and is appointed by the St. Charles Parish Council. The Hospital is responsible for obtaining voter approval for the levy of tax or debt issuance, but all related Louisiana State Road Commission approvals must be obtained through the Parish.

The financial statements of the Hospital have been prepared in conformity with generally accepted accounting principles 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. The more significant of the Hospital's accounting policies are described below.

FUND ACCOUNTING - The accounting system of the Hospital is organized and operated on a proprietary fund type basis, as an enterprise fund, whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities.

ENTERPRISE FUND - Enterprise Funds are used for activities which are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

In accordance with GASB Statement No. 30, for the purpose of reporting its activities, the Hospital applies all GASB pronouncements and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to GASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

The Hospital's funds, including the maintenance and operation fund (including plant fund), bond and interest redemption fund, and construction fund, are maintained on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND INVESTMENTS - The Hospital maintains cash and investment accounts for the maintenance and operation fund (including plant fund), bond and interest redemption fund, and construction fund. Cash and cash equivalents include all highly liquid investment instruments with maturities of three months or less. Statutes authorize the Hospital to invest in various United States securities, including United States government agency obligations, certificates of deposit, passbook, and other available bank investments. Deposits and investments are stated at cost, which approximates market.

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS - Uncollectible amounts due from patients are recognized as bad debts through the establishment of an allowance for uncollectible accounts. This allowance is based on prior years experience and a review of aged accounts receivable.

DUE FROM/TO MEDICARE AND MEDICAID - Revenues receivable or payable under cost reimbursement agreements for the current year and the prior year are subject to audit and retroactive adjustment by third party payors.

INVENTORY - Inventory of supplies is valued at the lower of cost or market. Cost is determined by using the first-in, first-out method.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost. Depreciation is computed using the straight-line method. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

2 CASH, CASH EQUIVALENTS AND INVESTMENTS

At year end, the carrying amount of the Hospital's demand deposits for all funds was \$937,568 and the bank balance was \$1,043,818. The total bank balance was covered by Federal Depository Insurance or by a pledge of securities held by the financial institution in the Hospital's name, and are therefore categorized as GAOB Category 1.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)**2 CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

All investments held at July 31, 1997 of \$780,000, are also entirely covered by the FDIC or by a pledge of securities held by the financial institution in the Hospital's name, GRSB Category 1.

3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	July 31,		Estimated Useful Lives
	1997	1996	
Land	\$ 348,597	\$ 348,597	
Buildings and improvements	11,871,427	11,882,788	40 years
Equipment	5,267,183	5,129,341	12 years
Furniture	326,124	326,124	5 years
Construction in progress	320,326	32,326	
	<u>\$18,133,857</u>	<u>\$18,719,376</u>	

Depreciation charged to income was \$669,312 and \$649,730 in 1997 and 1996, respectively.

4 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 (PERS), controlled and administered by a separate board of trustees.

All permanent employees working at least 30 hours per week are eligible to participate in the System. Hospital employees are eligible for normal retirement at age 60 with at least 10 years of creditable service, age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service. The retirement benefit for employees is equal to 1 percent of the employee's final average compensation (calculated as the average of the employee's compensation in the highest consecutive 12 months) multiplied by the employee's years of creditable service. Employees who terminate with at least 10 years of service and do not withdraw their employee contributions may retire as or after age 50 and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 PENSIONS (Continued)

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 a percentage of their salaries to the System. In accordance with state statute, 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.

The following provides certain disclosures for the Hospital and the retirement system:

Fiscal Year Ended July 31, 1997

Total current year payroll	\$8,364,614
Total current year covered payroll	\$7,088,584

Contributions:Required by statute:

Employees		9.50%	\$ 873,603
Employer	8/1/96 to 12/31/96	7.36%	229,829
Employer	1/1/97 to 7/31/97	7.75%	<u>314,342</u>
Total			<u>\$1,417,774</u>

Actual:

Employees		9.50%	\$ 873,603
Employer	8/1/96 to 12/31/96	7.36%	222,933
Employer	1/1/97 to 7/31/97	7.61%	<u>317,648</u>
Total			<u>\$1,414,184</u>

Actuarially Required:

Employees		9.50%	\$ 873,603
Employer	8/1/96 to 12/31/96	7.78%	226,688
Employer	1/1/97 to 7/31/97	8.71%	<u>332,508</u>
Total			<u>\$1,432,800</u>

Percent of employer's actuarially required contribution to all System participating employers

2.65%

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 PENSIONS (Continued)

For the year ended December 31, 1998, the System's unfunded pension benefit obligation was as follows:

Net Assets	\$ 781,880,018
Pension benefit obligation	<u>(818,248,380)</u>
Unfunded pension benefit obligation	<u>\$ 36,358,311</u>

The unfunded pension benefit obligation is shown as of December 31, 1998 as that was the latest information available for the System. The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help the users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERM and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employees.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 1998, comprehensive annual financial report. The Hospital does not guarantee the benefits granted by the System.

5 BONDS AND CERTIFICATES OF INDEBTEDNESS

On November 18, 1990 The St. Charles Parish Hospital Service District adopted a resolution issuing \$1,470,000 of General Obligation Bonds, Series 1890 A, and \$280,000 of General Obligation Bonds (Taxable), Series 1890 B dated September 1, 1990, payable from the pledge of unlimited ad valorem taxes approved by an election held on May 4, 1990 for the purpose of expanding the hospital facilities.

On January 15, 1991 The St. Charles Parish Hospital Service District adopted a resolution issuing \$2,800,000 of Certificates of Indebtedness, Series 1991, dated February 1, 1991, payable from the pledge of limited ad valorem taxes approved by an election held January 29, 1990 for the purpose of constructing, maintaining and operating the Hospital facilities, including ambulance services.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 BONDS AND CERTIFICATES OF INDEBTEDNESS (Continued)

On January 8, 1992 The St. Charles Parish Hospital Service District adopted a resolution issuing \$1,000,000 of Certificates of Indebtedness, Series 1992, dated February 18, 1992, payable from the pledge of limited ad valorem taxes approved by an election held January 16, 1990 for the purpose of constructing, maintaining and operating the Hospital facilities, including ambulance services.

On April 21, 1992 The St. Charles Parish Hospital Service District adopted a resolution issuing \$4,926,000 of General Obligation Bonds, Series 1992 A and \$1,286,000 of General Obligation Bonds (Taxable), Series 1992 B, payable from the pledge of unlimited ad valorem taxes approved by an election held on April 11, 1992 for the purpose of expanding the Hospital facilities.

The following is a summary of Bond Transactions of the Hospital Service District for the Years Ended July 31, 1997 and 1998:

	<u>July 31,</u>	
	<u>1997</u>	<u>1998</u>
Bonds payable, beginning of year	\$ 9,355,800	\$11,085,000
Less bond payments	<u>(4395,800)</u>	<u>(728,000)</u>
Bonds payable, end of year	8,960,000	9,357,000
Less current maturities	<u>(840,000)</u>	<u>(722,000)</u>
Long-term	<u>\$ 8,120,000</u>	<u>\$ 8,635,000</u>

Bonds payable at July 31, 1997, are comprised of the following individual issues:

Public Improvement Bonds -		
Series 1974, \$2,000,000 due in		
annual principal installments		
ranging from \$31,000 to \$100,000		
through March 1, 1989, interest		
rate is variable from 6.75% to 6.85%	\$	210,000
General Obligation Bonds -		
Series A, 1992, \$1,470,000 due in		
annual principal installments		
ranging from \$5,000 to \$100,000		
through March 1, 2005, interest		
rate is variable from 6.75% to 10.00%		1,240,000

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 **BONDS AND CERTIFICATES OF INDEBTEDNESS (Continued)**

General Obligation Bonds -	
Series B, 1990, \$280,000 due in annual principal installments ranging from \$5,000 to \$48,000 through March 1, 2005. Interest rate is variable from 9.25% to 12.00%	\$ 280,000
Certificates of Indebtedness -	
Series 1991, \$2,600,000 due in annual principal installments ranging from \$140,000 to \$274,000 through February 1, 2001. Interest rate at 7.25%	975,000
Certificates of Indebtedness -	
Series 1992, \$1,600,000 due in annual principal installments ranging from \$80,000 to \$160,000 through February 1, 2001. Interest rate at 9.75%	608,000
General Obligation Bonds -	
Series A, 1992, \$4,925,800 due in annual principal installments ranging from \$100,800 to \$713,000 through March 1, 2007. Interest rate is variable from 4.50% to 12.00%	4,218,000
General Obligation Bonds -	
Series B, 1992, \$1,300,000 due in annual principal installments ranging from \$15,000 to \$225,000 through March 1, 2007. Interest rate is variable from 8.00% to 12.00%	<u>1,180,000</u>
Bonds payable at July 31, 1997	<u>\$ 8,610,000</u>

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

8 BONDS AND CERTIFICATES OF INTERESTNESS (Continued)

The annual requirements to amortize all debt outstanding as of July 31, 1997, including interest payments of \$2,897,137 are as follows:

Fiscal Year Ending July 31.	
1998	\$ 1,418,582
1999	1,418,328
2000	1,431,833
2001	1,428,390
2002	944,348
2003-2007	<u>4,833,570</u>
	<u>\$11,452,137</u>

9 NOTES PAYABLE OTHER

Bank notes payable with interest rate of 10%	\$ 47,094
Bank note payable with variable interest rate based on Chase Manhattan Bank Prime + 2%	<u>38,481</u>
	185,577
Less current maturities	<u>185,577</u>
	<u>\$ -0-</u>

Two First National Bank of St. Charles Parish notes totaling \$47,094, secured by mortgages on equipment which has a carrying value of \$41,483, are due on March 1, 1998. Regular semi-annual interest payments of all accrued interest are due on September 1, 1997 with the final interest payment due on March 1, 1998.

The Liberaia Bank note in the amount of \$56,480 is secured by a mortgage on equipment, which has a carrying value of \$188,350 and is payable in sixty (60) payments of \$9,372.89, with the final payment due May 5, 1998.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 DUE FROM MEDICARE AND MEDICAID

Approximately 43% of The St. Charles Parish Hospital Service District's gross patient revenue was generated as a provider of patient care under Medicare and other government sponsored programs. Normal billings for services to covered patients are included in gross revenues and provisions are made to reduce such billings to estimated final settlements, which are based on costs of rendering services to program beneficiaries.

Determination of such costs requires interpretation of applicable laws and regulations and the application of relatively complex cost accounting techniques.

Provision for estimated settlements under these programs as of July 31, 1997 has been recorded as \$511,028 in Due from Medicare and Medicaid.

8 POST RETIREMENT BENEFITS

The St. Charles Parish Hospital Service District provides continuing health care benefits for its retired employees. Substantially all of the hospital's employees become eligible for these benefits if they reach normal retirement age while working for the Hospital. Monthly premiums for retired Hospital employees are paid 100 percent by the employees. The total premiums paid 100 percent by the retired employees was \$18,892 for 1997.

9 DEFERRED COMPENSATION PLAN

The Hospital offers 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) solely the property and rights of the Hospital (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Hospital's general creditors. Participants' rights under the plan are equal to those of general creditors of the Hospital in an amount equal to the market value of the deferred account for each participant.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

9 DEFERRED COMPENSATION PLAN (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.

10 BOARD OF COMMISSIONERS

During the year ended July 31, 1997, the Board of Commissioners received per diem as follows:

	Number of Meetings <u>Attended</u>	Total Per Diem <u>Paid</u>
Thomas Cheranis	24	\$480
Betty Fortera	23	\$460
Kathleen Landry	24	\$480
Thomas D. Lorio	22	\$440
Carolyn Smith Boyd	21	\$420

11 SUBSEQUENT EVENTS

The Hospital received authorization by an election held November 19, 1997, to incur debt and issue 3 year general obligation bonds in the amount of \$4,500,000 bearing interest not to exceed 8% per annum for the purpose of expanding the Hospital facilities.

Also through that same election, a two and six-teenths (2.6) mills property tax for a period of five years, beginning with the year 2001 and ending with the year 2005, was renewed for the purpose of constructing, operating, and maintaining Hospital facilities, including ambulance service.

AUDITOR'S REPORT ON INFORMATION
ACCOMPANYING THE BASIC FINANCIAL STATEMENTS

Our report on our audit of the basic financial statements of The St. Charles Parish Hospital Service District for the years ended July 31, 1987 and 1988 appears on page 1. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information shown on pages 18-22 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.

Vernon A. Messinger APAC

Metairie, Louisiana
December 28, 1987

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

INVESTMENTS

July 31, 1997

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Book Value</u>
Bond and Interest Redemption Fund:			
Hibernia National Bank Certificate of Deposit	5.43%	01/01/98	\$ 400,000
Certificate of Deposit	5.43%	02/12/98	<u>180,000</u>
			<u>\$ 580,000</u>

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

BONDS PAYABLE

July 31, 1997

	<u>Interest</u>		<u>Maturity</u> <u>Date</u>
	<u>Rate</u>	<u>Payment Date</u>	
Maintenance and Operation Fund:			
Certificates of Indebtedness, Series 1991	7.25%	August 1, Feb. 1	03/01/98 03/01/99 03/01/2000 03/01/2001
Certificates of Indebtedness, Series 1992	6.75%	August 1, Feb. 1	03/01/98 03/01/99 03/01/2000 03/01/2001
Bond and Interest Redemption Fund:			
Public Improvement Bonds, Series 1974	5.70% to 6.80%	March 1, Sept. 1	03/01/98-99

Annual Payments	Bonds			Outstanding
	Authorized	Issued	Retired	
\$215,000 235,000 250,000 270,000	\$2,000,000	\$2,000,000	\$1,810,000	\$ 190,000
\$130,000 140,000 160,000 180,000	\$1,000,000	\$1,000,000	\$ 860,000	\$ 140,000
		Total		<u>\$3,570,000</u>
		Due within one year		\$ 315,000
		long-term		<u>3,255,000</u>
		Total		<u>\$3,570,000</u>
\$105,000	\$2,000,000	\$2,000,000	\$1,780,000	\$ 220,000
		Total		<u>\$ 220,000</u>
		Due within one year		\$ 105,000
		long-term		<u>115,000</u>
		total		<u>\$ 220,000</u>

THE ST. CHARLES PUBLIC HOSPITAL SERVICE DISTRICT

BONDS PAYABLE
(Continued)

July 31, 1997

Bond and Interest Redemption Fund:	Interest		Maturity Date
	Rate	Payment Dates	
General Obligation Bonds, Series A, 1993	6.75% to 10.00%	March 1, Sept. 1	03/01/98 03/01/99-2000 03/01/2001 03/01/2002 03/01/2003 03/01/2004 03/01/2005
General Obligation Bonds, Series B, 1990	9.00% to 12.00%	March 1, Sept. 1	03/01/98 03/01/99-2000 03/01/2001 03/01/2002-03 03/01/2004-05
General Obligation Bonds, Series A, 1992	4.80% to 12.00%	March 1, Sept. 1	03/01/98 03/01/99 03/01/2000 03/01/2001 03/01/2002 03/01/2003 03/01/2004 03/01/2005 03/01/2006 03/01/2007

<u>Annual Payments</u>	<u>Bonds</u>			
	<u>Authorized</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
\$120,000	<u>\$1,470,000</u>	<u>\$1,470,000</u>	<u>\$ 210,000</u>	\$1,260,000
120,000				
150,000				
145,000				
170,000				
185,000				
190,000				
\$ 15,000	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 50,000</u>	\$ 150,000
20,000				
20,000				
30,000				
40,000				
\$330,000	<u>\$4,925,000</u>	<u>\$4,925,000</u>	<u>\$ 710,000</u>	\$4,215,000
250,000				
340,000				
360,000				
340,000				
370,000				
410,000				
440,000				
680,000				
710,000				

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

BONDS PAYABLE

(Continued)

July 31, 1997

Bond and Interest Redemption Fund (Continued):	Interest		Maturity Date
	Face	Payment Dates	
General Obligation Bonds, Series B, 1992	8,000 00		03/01/98
	12,000	March 1, Sept. 1	03/01/99
			03/01/2000
			03/01/2001
			03/01/2002
			03/01/2003
			03/01/2004
			03/01/2005
			03/01/2006
			03/01/2007

Annual Payments	Bonds			Outstanding
	Authorized	Issued	Retired	
\$ 35,000	<u>\$1,210,000</u>	<u>\$1,200,000</u>	<u>\$ 100,000</u>	\$1,100,000
30,000				
65,000				
80,000				
95,000				
110,000				
125,000				
140,000				
155,000				
225,000				
				<hr/>
		Total		<u>\$6,780,000</u>
		Due within one year		\$ 400,000
		Long-term		<u>6,380,000</u>
		Total		<u>\$6,780,000</u>

VINCENT A. MESSINA, JR.

A PROFESSIONAL ACCOUNTING CORPORATION

Vincent A. Messina, J., CPA
Edward M. O'Malley, CPA
Carolee W. O'Malley, CPA
Arlene M. Messina, CPA

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL, BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
The St. Charles Parish Hospital Service District
Belling, Louisiana

We have audited the financial statements of The St. Charles Parish Hospital Service District as of and for the year ended July 31, 1997, and have issued our report thereon dated December 15, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Hospital is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Hospital, for the year ended July 31, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal controls would not necessarily disclose all matters that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management of the Hospital, St. Charles Parish, and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Vincent A. Messana APAC

December 15, 1997

VINCENT A. MESSINA, JR.

A PROFESSIONAL ACCOUNTING CORPORATION

VINCENT A. Messina, J., CPA
S. Woodrow D. Orsberry, CPA
Cynthia M. O'Donnell, CPA
Arlene M. Messina, CPA

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

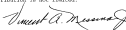
We have audited the financial statements for The St. Charles Parish Hospital Service District as of and for the year ended July 31, 1997, and have issued our report thereon dated December 15, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Hospital is the responsibility of the Hospital's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Hospital's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of the management of the Hospital, St. Charles Parish, and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

 APAC

December 15, 1997