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THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
YEARS ENDED JULY 31, 1988 AND 1987
AND
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the audited, or reviewed, 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 10/23/88

MESSINA & O'MALLEY
A PROFESSIONAL ACCOUNTING CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT
 FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
 Years Ended July 31, 1990 and 1997

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MISSINA & O'MALLEY

A PROFESSIONAL ACCOUNTING CORPORATION
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The St. Charles Parish Hospital Service District
Belling, Louisiana

INTERIM AUDITORS' REPORT

We have audited the accompanying balance sheets of The St. Charles Parish Hospital Service District as of July 31, 1998 and 1997, and the related statements of revenue, expense, 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. These 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, 1998 and 1997, 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 our report dated December 23, 1998, 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.

December 23, 1998

THE ST. CHARLES PARKER HOSPITAL DISTRICT

BALANCE SHEET

July 31, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</u>
Current Assets:		
Accounts receivable (net of estimated uncollectibles and allowances of \$6,000 in 1998 and \$100,000 in 1997)	\$ 4,120,782	\$ 5,090,000
Accounts receivable - other	70,472	108,290
Due from Medicare and Medicaid		571,000
Inventory	175,789	228,367
Prepaid expenses	<u>160,852</u>	<u>188,112</u>
Total current assets	<u>\$ 4,548,375</u>	<u>\$ 6,085,829</u>
Restricted Assets:		
Maintenance and Operation Fund:		
Cash	4,356	70,470
Bond and Interest Redemption Fund:		
Cash	1,602,510	606,123
Investments	219,404	788,008
Prepaid expenses		221,128
Construction Fund:		
Cash	2,038,362	43,162
Investments	<u>1,228,009</u>	<u> </u>
	<u>\$ 5,684,312</u>	<u>\$ 1,255,608</u>
Property, plant and equipment:	18,000,208	18,000,000
Less accumulated depreciation	<u>\$ 4,228,896</u>	<u>\$ 688,212</u>
	<u>\$ 13,771,312</u>	<u>\$ 13,311,788</u>
Other Assets:		
Goodwill	<u>45,000</u>	<u>45,250</u>
	<u>\$ 120,417,635</u>	<u>\$ 120,428,185</u>

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

	<u>1990</u>	<u>1989</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities (payable from current assets):		
Accounts payable	\$ 1,419,418	\$ 1,495,378
Cash overdraft	51,518	25,138
Accrued expenses:		
vacation	229,974	212,178
salaries	316,738	281,384
retirement	241,732	199,507
payroll and other taxes	3,287	3,805
insurance and other withholdings	29,842	61,176
Notes payable bank	680,000	
Current maturities of long-term debt		100,577
Due to Medicare and Medicaid	<u>241,488</u>	
Total current liabilities	<u>3,212,983</u>	<u>2,165,953</u>
Current Liabilities (payable from restricted assets):		
Certificates of Indebtedness (due within one year)	440,000	325,000
Public Improvement Bonds (due within one year)	144,000	165,000
General Obligation Bonds (due within one year)	<u>840,000</u>	<u>400,000</u>
	<u>1,258,000</u>	<u>890,000</u>
Long-Term Liabilities:		
Certificates of Indebtedness	2,630,000	1,225,000
Public Improvement Bonds		100,000
General Obligation Bonds	<u>10,180,000</u>	<u>6,180,000</u>
	<u>12,738,000</u>	<u>7,325,000</u>
Fund Equity:		
Retained earnings:		
Reserved for bond indenture	6,184,532	1,865,884
Unreserved - undesignated	<u>1,848,654</u>	<u>7,125,222</u>
Total fund equity	<u>1,623,186</u>	<u>9,481,026</u>
	<u>525,422,609</u>	<u>526,629,183</u>

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT
 STATEMENT OF REVENUE, EXPENSES, AND RETAINED EARNINGS
 Years Ended July 31, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Patient service revenue	\$29,848,356	\$27,794,783
Less allowances and uncollectible accounts	<u>15,349,349</u>	<u>11,901,425</u>
	<u>14,499,007</u>	<u>15,893,358</u>
Other operating revenues	<u>176,821</u>	<u>164,873</u>
Operating expenses:		
Salaries	8,422,364	8,264,414
Patient supplies	2,869,672	1,916,829
Doctors fees	1,262,987	1,284,298
Contracted services	1,024,381	1,435,193
Leases	818,794	1,247,584
Provision for depreciation	782,061	669,312
Insurance	748,617	814,728
Other supplies	688,248	488,213
Employee benefits	635,558	576,418
Repairs and maintenance	513,063	440,485
Taxes and licenses	245,611	227,883
Accounting and legal	222,357	248,871
Utilities - electricity	211,366	228,947
Food	209,647	217,066
Miscellaneous	189,769	128,962
Telephones	153,416	121,235
Professional development funds	148,830	128,107
Training and travel	76,628	87,168
Utilities - gas	72,260	72,280
Utilities - water	48,817	48,827
Collection fee	31,425	37,348
Postage	26,458	28,234
Rent	<u>12,373</u>	<u>161,865</u>
	<u>18,888,382</u>	<u>19,637,884</u>

(Continued)

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

Years Ended July 31, 1998 and 1997
 (Continued)

	<u>1998</u>	<u>1997</u>
Operating loss	\$(3,850,228)	\$(3,838,783)
Non-operating revenues (expenses):		
Ad Valorem taxes	3,585,893	3,785,762
Interest income	327,838	347,911
Interest expense	<u>(1,028,304)</u>	<u>(688,043)</u>
	<u>2,885,427</u>	<u>3,445,630</u>
Net loss	\$(1,065,801)	\$(393,153)
Retained earnings, beginning of year	<u>3,481,885</u>	<u>38,078,248</u>
Retained earnings, end of year	<u>\$ 2,416,084</u>	<u>\$ 3,481,095</u>

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, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Cash flows from operating activities:		
Operating loss	\$53,800,720	\$43,038,763
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	763,353	670,542
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,048,712)	35,845
Decrease (Increase) in accounts receivable - other	32,704	(37,584)
Decrease (Increase) in due from Medicare and Medicaid	531,024	(533,036)
Increase (Decrease) in due to Medicare and Medicaid	701,005	(82,348)
Decrease (Increase) in inventory	44,379	(58,173)
Decrease in prepaid expenses	203,189	53,514
Increase in accounts payable	42,362	988,088
Increase in accrued expenses	47,562	115,022
Not cash used in operating activities	<u>(2,312,421)</u>	<u>(2,083,702)</u>
Cash flows from non-capital financing activities:		
Ad valorem taxes for maintenance	<u>1,862,321</u>	<u>1,756,375</u>
Not cash provided by non-capital financing activities	<u>1,862,321</u>	<u>1,756,375</u>

(Continued)

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

STATEMENT OF CASH FLOWS

Years Ended July 31, 1988 and 1987

(Continued)

	1988	1987
Cash Flows from capital and related financing activities:		
Net values (less) for debt service	822,572	1,009,187
Proceeds from issuance of certificates of indebtedness	2,662,000	
Proceeds from issuance of general obligation bonds	4,585,000	
Principal payments on public improvement bonds	(128,000)	(185,000)
Principal payments on general obligation bonds	(880,000)	(768,400)
Principal payments on certificates of indebtedness	(1,290,000)	(325,000)
Proceeds from issuance of notes payable - bank	400,000	
Principal payments on notes payable - bank	(103,377)	(66,725)
Interest paid	(879,504)	(884,049)
Acquisition and construction of assets	(1,616,363)	(1,288,259)
Net cash provided by (used in) capital and related financing activities	3,623,728	(1,788,569)
Cash Flows from investing activities:		
Purchases of investments	(1,439,404)	(28,749)
Proceeds from maturity of investments	280,000	1,362,869
Interest received	127,822	242,311
Net cash (used in) provided by investing activities	(121,312)	1,301,249
Net increase (decrease) in cash and cash equivalents	3,502,416	(487,320)
Cash and cash equivalents at beginning of year	817,361	1,304,681
Cash and cash equivalents at end of year	<u>\$ 4,319,817</u>	<u>\$ 817,361</u>

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

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS

3. 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 1988. 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 Bond 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 enterprises 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. 20, for the purpose of reporting the 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, 1988, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1988, 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

NOTICE 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, certification 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 July 31, 1990 the Cash overdraft of \$181,520 was comprised of a Maintenance and Operation Fund cash overdraft of \$181,520, and \$250,000 of a short term transfer of funds due to be repaid to the Construction Fund restricted cash account.

At year end, the carrying amount of the Hospital's demand deposits for all funds was \$4,193,838 and the bank balance was \$4,685,079. 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 is therefore categorized as GRAB Category 1.

THE ST. CHARLES PARISH HOSPITAL, MONROE DISTRICT

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

All investments held at July 31, 1988 of \$1,438,404, are also entirely covered by the FDIC or by a pledge of securities held by the financial institution in the Hospital's name, GASH Category 1.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	July 31,		Estimated Useful Lives
	1988	1987	
Land	\$ 248,597	\$ 248,597	
Buildings and improvements	12,483,473	11,671,427	50 years
Equipment	4,414,640	5,567,103	12 years
Furniture	312,750	224,324	5 years
Construction in progress	172,843	588,636	
	<u>\$17,632,303</u>	<u>\$18,099,947</u>	

Depreciation charged to income was \$752,861 and \$648,312 in 1988 and 1987, respectively.

4. PENSION

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 cost-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 Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70806-4619.

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 2.584 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 ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)4. REVENUES (Continued)

The following provides the Hospital's required rates of contribution for the current year and each of the preceding two years, as well as the actual contributions made, equal to or greater than the required contribution:

	Required Contribution Rate	Actual Contributions
Fiscal year ended July 31, 1990	7.75%	<u>\$ 340,047</u>
Fiscal year ended July 31, 1989		
8/1/88 to 12/31/88	5.25%	\$ 212,933
1/1/89 to 7/31/89	7.75%	<u>127,988</u>
		<u>\$ 340,921</u>
Fiscal year ended July 31, 1988		
8/1/87 to 12/31/87	6.00%	\$ 233,878
1/1/88 to 7/31/88	7.25%	<u>202,158</u>
		<u>\$ 436,036</u>

5. BONDS AND CERTIFICATES OF INDEBTEDNESS

On November 20, 1990 The St. Charles Parish Hospital Service District adopted a resolution issuing \$1,400,000 of General Obligation Bonds, Series 1990 A, and \$200,000 of General Obligation Bonds (Taxable), Series 1990 B 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.

On January 8, 1992 The St. Charles Parish Hospital Service District adopted a resolution issuing \$1,800,000 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 28, 1992 for the purpose of constructing, maintaining and operating the Hospital facilities, including ambulance services.

On April 20, 1992 The St. Charles Parish Hospital Service District adopted a resolution issuing \$4,500,000 of General Obligation Bonds, Series 1992 A and \$1,200,000 of General Obligation Bonds (Taxable), Series 1992 B, payable from the pledge of unlimited ad valorem taxes approved by an election held on April 12, 1992 for the purpose of expanding the Hospital facilities.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTE TO FINANCIAL STATEMENTS
 (Continued)

5 BONDS AND CERTIFICATES OF INDEBTEDNESS (Continued)

On January 28, 1988 The St. Charles Parish Hospital Service District adopted a resolution issuing \$2,555,000 of Certificates of Indebtedness, Series 1988, dated March 30, 1988, payable from the pledge of limited ad valorem taxes approved by an election held November 14, 1987 for the purpose of constructing and/or improving hospital facilities and acquiring the necessary equipment and furnishings therefor, and for redeeming the outstanding Certificates of Indebtedness, Series 1981.

On January 28, 1988 the St. Charles Parish Hospital Service District adopted a resolution issuing \$4,500,000 of General Obligation Bonds, Series 1988, payable from the pledge of unlimited ad valorem taxes approved by an election held on November 15, 1987 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 following is a summary of Bond Transactions of the Hospital Service District for the Years Ended July 31, 1988 and 1987:

	July 31,	
	1988	1987
Bonds payable, beginning of year	\$ 8,500,000	\$ 8,355,000
Add new issues:		
General Obligation Bonds	4,500,000	
Certificates of Indebtedness	2,555,000	
Less bond payments	<u>(1,325,000)</u>	<u>(178,000)</u>
Bonds payable, end of year	14,850,000	8,177,000
Less current maturities	<u>(1,350,000)</u>	<u>(810,000)</u>
Long-term	<u>\$12,300,000</u>	<u>\$ 7,367,000</u>

Bonds payable at July 31, 1988, are comprised of the following individual issues:

Public Improvement Bonds -		
Series 1994, \$2,000,000 due in		
annual principal installments		
ranging from \$20,000 to \$100,000		
through March 1, 1999, interest		
rate is variable from 5.75% to 6.50%	\$	100,000
General Obligation Bonds -		
Series A, 1990, \$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%		1,120,000

THE ST. CHARLES SWAIN HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
Continued

5 BONDS AND CERTIFICATES OF INDEBTEDNESS (Continued)

General Obligation Bonds -	
Series B, 1990, \$200,000 due in annual principal installments ranging from \$0,000 to \$40,000 through March 1, 2006, interest rate is variable from 9.00% to 12.00%	\$ 215,000
Certificates of Indebtedness -	
Series 1992, \$1,880,000 due in annual principal installments ranging from \$80,000 to \$180,000 through February 1, 2001, interest rate at 9.75%	880,000
General Obligation Bonds -	
Series A, 1992, \$4,325,000 due in annual principal installments ranging from \$100,000 to \$335,000 through March 1, 2009, interest rate is variable from 4.00% to 12.00%	3,888,000
General Obligation Bonds -	
Series B, 1992, \$1,288,000 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%	1,045,000
Certificates of Indebtedness -	
Series 1998, \$2,550,000 due in annual principal installments ranging from \$200,000 to \$380,000 through March 1, 2004, interest rate is variable from 4.25% to 4.75%	2,550,000
General Obligation Bonds -	
Series 1998, \$4,560,000 due in annual principal installments ranging from \$415,000 to \$590,000 through March 1, 2007, interest rate is variable from 4.125% to 5.125%	4,388,000
Bonds payable at July 31, 1998	<u>314,918,000</u>

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(continued)**5 BONDS AND CERTIFICATES OF INDEBTEDNESS (Continued)**

The annual requirements to amortize all debt outstanding as of July 31, 1998, including interest payments of \$9,822,048 are as follows:

Fiscal Year Ending July 31.	
1999	\$ 2,124,459
2000	2,124,986
2001	2,146,120
2002	1,862,424
2003	1,764,188
2004-2007	<u>7,336,285</u>
	<u>\$17,862,262</u>

6 NOTE PAYABLE BANK

The Hibernia National Bank note in the amount of \$800,000 with an interest rate of 7.50% is secured by and payable from a pledge of revenues derived from a 3.6 mills ad valorem tax authorized at an election held in the District on January 20, 1998. Maturity is March 3, 1999.

7 DUE FROM MEDICARE AND MEDICAID

Approximately 18% 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 revenue and provisions are made to reduce such billings to estimated final settlements, which are based on costs of rendering service 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, 1998 has been recorded as \$762,039 in Due to Medicare and Medicaid.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 \$12,588 for 1998.

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 accounts, 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.

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, 1998, the Board of Commissioners received per diem as follows:

	Number of Meetings Attended	Total Per Diem Paid
Thomas Cherovic	14	\$480
Betty Portera	13	\$360
Esthleen Landry	14	\$480
Thomas D. Loric	12	\$400
Carolyn Smith Boyd	13	\$440

THE ST. CHARLES HAVEN HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

11. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Hospital's operations.

The Hospital is in the process of inventorying its computers systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting the Hospital's operations. It is unknown as of July 31, 1999, what effects, if any, failing to remediate any such systems will have upon Hospital operations and financial reporting.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Hospital is or will be year 2000 ready, that the Hospital's remediation efforts will be successful in whole or in part, or that parties with whom the Hospital does business will be year 2000 ready.

ACCOMPANYING INFORMATION

AUDITORS' 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, 1986 and 1987 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 18-21 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.

McNamee & O'Malley

Metairie, Louisiana
December 23, 1988

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

INVESTMENTS

July 31, 1990

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Book Value</u>
Bond and Interest Redemption Fund:			
Hibernia National Bank Certificate of Deposit	5.40%	04/01/90	<u>\$ 219,400</u>
 Construction Fund:			
Hibernia National Bank Certificate of Deposit	5.37%	12/18/90	500,000
Hibernia National Bank Certificate of Deposit	5.30%	03/11/90	<u>228,000</u>
			<u>\$1,228,000</u>

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

BONDS PAYABLE

July 31, 1988

Maintenance and Operation Fund:	<u>Interest</u>		<u>Maturity</u> <u>Days</u>
	<u>Rate</u>	<u>Payment Dates</u>	
Certificates of Indebtedness, Series 1982	8.75%	August 1, Feb. 1	02/01/89 02/01/2000 02/01/2001
Certificates of Indebtedness, Series 1986	8.45% to 8.75%	Sept. 1, March 1	03/01/89 03/01/2000 03/01/2001 03/01/2002 03/01/2003 03/01/2004 03/01/2005 03/01/2006
Good and Interest Redemption Fund:			
Public Improvement Bonds, Series 1978	8.00%	March 1, Sept. 1	03/01/88

Annual Expenditures	Bonds			
	Authorized	Issued	Retired	Outstanding
\$188,000 188,000 188,000	<u>\$1,880,000</u>	<u>\$1,880,000</u>	<u>0</u>	\$ 480,000
\$248,000 275,000 288,000 385,000 325,000 340,000 385,000 385,000	<u>\$2,550,000</u>	<u>\$2,550,000</u>	<u>0</u>	\$ 2,500,000
		Total		<u>\$ 2,038,000</u>
		Due within one year		\$ 480,000
		Long-term		<u>1,558,000</u>
		Total		<u>\$ 2,038,000</u>
\$185,000	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>	\$ 185,000
		Total		<u>\$ 185,000</u>
		Due within one year		\$ 185,000
		Long-term		<u>0</u>
		Total		<u>\$ 185,000</u>

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

BONDS PAYABLE
(Continued)

July 31, 1998

Bond and Interest Redemption Fund:	Interest		Maturity Date
	Rate	Payment Dates	
General Obligation Bonds, Series A, 1990	6.70% to 10.00%	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
General Obligation Bonds, Series B, 1990	8.00% to 12.00%	March 1, Sept. 1	03/01/99 03/01/2000 03/01/2001 03/01/2002-03 03/01/2004-05
General Obligation Bonds, Series A, 1992	4.00% to 12.00%	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	Periods			
	Authorized	Issued	Retired	Outstanding
\$125,000 125,000 150,000 165,000 175,000 185,000 195,000	\$1,410,000	\$1,410,000	\$ 350,000	\$ 1,060,000
\$ 50,000 50,000 55,000 55,000 60,000	\$ 300,000	\$ 300,000	\$ 60,000	\$ 240,000
\$255,000 305,000 350,000 365,000 390,000 410,000 440,000 600,000 715,000	\$4,325,000	\$4,325,000	\$ 345,000	\$ 3,980,000

THE ST. CHARLES SWEDEN HOSPITAL SERVICE DISTRICT

BONDS PAYABLE
(Continued)

July 31, 1960

Bond and Interest Redemption Fund (Continued)	Interest		Maturity Date
	Rate	Payment Dates	
General Obligation Bonds, Series B, 1952	4.00% to 12.00%	March 3, Sept. 3	03/01/59 03/01/5900 03/01/5900 03/01/5900 03/01/5900 03/01/5900 03/01/5900 03/01/5900
General Obligation Bonds, Series 1958	4.25% to 5.125%	March 3, Sept. 3	03/01/59 03/01/5900 03/01/5900 03/01/5900 03/01/5900 03/01/5900 03/01/5900 03/01/5900

COMPLIANCE SECTION

MESSINA & O'MALLEY

A PROFESSIONAL ACCOUNTING CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Thomas B. Messina, Jr., CPA
Edward M. O'Malley, CPA
George M. O'Malley, CPA
Ann M. Goodenow, CPA

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

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

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

We have audited the financial statements of the St. Charles Parish Hospital Service District as of and for the year ended July 31, 1998, and have issued our report thereon dated December 23, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the 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.

Maureen J. O'Malley

December 23, 1998

MESSINA & O'MALLEY

A PROFESSIONAL ACCOUNTING CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Steven A. Messina, S. CPA
Edward M. O'Malley, CPA
Candace E. O'Malley, CPA
Brett M. Swadlow, CPA

MEMBERS
American Institute of CPAs
Faculty of Louisiana CPAs

MANAGEMENT LETTER

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, 1998, and have issued our report thereon dated December 23, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As part of our examination, we have issued a report on the financial statements, dated December 23, 1998, and our report on internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts, and grants, dated December 23, 1998.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

Condition 1998-1.

Periodically throughout the fiscal year ended July 31, 1998, short term transfers were made from the restricted cash accounts and deposited into the cash account used for maintenance and operations. As July 31, 1998, all short term transfers had been replenished into the restricted cash accounts with the exception of \$500,800 remaining to be repaid to the restricted construction fund account.

Recommendation 1998-1.

St. Charles Parish Hospital Maintenance and Operation Fund should repay the amounts to the restricted construction fund as soon as possible. Additionally, the practice of making short term transfers from and to the restricted cash accounts should be discontinued.

Board of Commissioners
The St. Charles Parish Hospital Service District
Page 2

We recommend management address the foregoing issue as an improvement to operations of the Hospital. We are available to further explain the suggestion or help implement the recommendation.

Maureen E. O'Malley

December 23, 2008



CORRECTIVE ACTION PLAN

In response to the Management Letter prepared by Messinas & O'Malley, dated December 23, 1999, we provide the following response:

1999-00000
General

1999-00000
General

1999-00000
General

1999-00000
Fund

1999-00000
Fund

1999-00000
Fund

1999-00000
Fund

1999-00000
Fund

Recommendation 1999-1.

St. Charles Parish Hospital management shall replenish funds for all short term transfers to the Maintenance and Operation Fund by March 31, 1999.

Management also adopts the policy of never using restricted funds for Maintenance and Operations in the future.

St. Charles Parish Hospital Service District

By:

A handwritten signature in black ink, appearing to read "Fred Mathison, Jr.", written over a horizontal line.
Fred Mathison, Jr.
Chief Executive Officer