

**ST. LANDRY PARISH HOSPITAL
SERVICE DISTRICT NO. 1**

Eunice, Louisiana

Financial Report

Years Ended May 31, 2003 and 2002

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(A Corporation of Certified Public Accountants)

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Board of Commissioners
St. Landry Parish Hospital Service District No. 1
Eunice, Louisiana

We have compiled the accompanying general purpose financial statements of the St. Landry Parish Hospital Service District No. 1, Eunice Louisiana, a component unit of the St. Landry Parish Police Jury, as of and for the years ended May 31, 2003 and 2002, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management of the District. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants

Eunice, Louisiana
June 12, 2003

Member of:
American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Balance Sheets
May 31, 2003 and 2002

ASSETS		
	<u>2003</u>	<u>2002</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,763	\$ 14,483
PROPERTY, PLANT AND EQUIPMENT, NET	<u>1,927,221</u>	<u>2,069,643</u>
TOTAL ASSETS	<u>\$1,941,984</u>	<u>\$2,084,126</u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 238,425	\$ 248,930
Current maturities of long-term debt	5,269	8,513
Deferred revenue	<u>8,750</u>	<u>13,750</u>
Total current liabilities	252,444	271,193
LONG-TERM DEBT, NET OF CURRENT MATURITIES	<u>-</u>	<u>5,269</u>
TOTAL LIABILITIES	252,444	276,462
FUND EQUITY	<u>1,689,540</u>	<u>1,807,664</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,941,984</u>	<u>\$2,084,126</u>

See accompanying notes and accountant's report.

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Statements of Operations
 Years Ended May 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
OPERATING REVENUE		
Lease revenue	\$ <u>45,970</u>	\$ <u>103,978</u>
OPERATING EXPENSES		
Depreciation	124,222	141,964
Equipment rental	<u>31,711</u>	<u>32,453</u>
	<u>155,933</u>	<u>174,417</u>
LOSS FROM OPERATIONS	<u>(109,963)</u>	<u>(70,439)</u>
NONOPERATING REVENUE (EXPENSE)		
Interest income	280	489
Loss on disposal of fixed assets	(18,201)	(23,304)
Interest expense	(745)	(4,633)
Payables prescribed	<u>10,505</u>	<u>106,038</u>
	<u>(8,161)</u>	<u>78,590</u>
NET INCOME (LOSS)	<u>\$ (118,124)</u>	<u>\$ 8,151</u>

See accompanying notes and accountant's report.

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Statements of Cash Flows
Years Ended May 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Loss from operations	\$ (109,963)	\$ (70,439)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	124,222	141,964
Changes in assets and liabilities:		
Deferred revenue	<u>(5,000)</u>	<u>(5,000)</u>
Net cash provided by operating activities	<u>9,259</u>	<u>66,525</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on long-term debt	(8,514)	(61,892)
Interest paid on long-term debt and capital leases	<u>(745)</u>	<u>(4,633)</u>
Net cash used by capital and related financing activities	<u>(9,259)</u>	<u>(66,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	<u>280</u>	<u>489</u>
Net cash provided by investing activities	<u>280</u>	<u>489</u>
Net increase in cash and cash equivalents	280	489
Cash and cash equivalents, beginning of year	<u>14,483</u>	<u>13,994</u>
Cash and cash equivalents, end of year	<u>\$ 14,763</u>	<u>\$ 14,483</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 745</u>	<u>\$ 4,633</u>

See accompanying notes and accountant's report.

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Statements of Changes in Fund Equity
 Years Ended May 31, 2003 and 2002

	<u>Retained Earnings</u>	<u>Contributed Capital</u>	<u>Total</u>
BALANCE, May 31, 2001	\$ 490,876	\$1,308,637	\$ 1,799,513
Net income	<u>8,151</u>	<u>-</u>	<u>8,151</u>
BALANCE, May 31, 2002	499,027	1,308,637	1,807,664
Net loss	<u>(118,124)</u>	<u>-</u>	<u>(118,124)</u>
BALANCE, May 31, 2003	<u>\$ 380,903</u>	<u>\$1,308,637</u>	<u>\$ 1,689,540</u>

See accompanying notes and accountant's report.

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Legal Organization

The St. Landry Parish Hospital Service District No. 1, ("District") was created by an ordinance of the St. Landry Parish Police Jury. The governing board of the District consists of six members appointed by the Jury and the chief of the medical staff. Because the police jury appoints the majority of the commissioners of the St. Landry Parish Hospital Service District No. 1, the police jury is considered to have the ability to impose its will on the District and therefore the District is a component unit of the St. Landry Parish Police Jury, which is the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Nature of Business

The District leases its facilities and equipment to PHC-Eunice, a subsidiary of Province Healthcare, Inc., to provide healthcare services to the local community.

Proprietary Fund Accounting

The District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual method. Hospital accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the *Louisiana Governmental Audit Guide*, and the *Audit and Accounting Guide - Health Care Organizations*, published by the American Institute of Certified Public Accountants, and standards established by the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Property, Plant and Equipment

Purchased fixed assets are recorded at cost and donated fixed assets, if received, at fair market value on the date of any donation. Depreciation is calculated over estimated useful lives, using the straight-line method. Equipment under capital lease obligations is amortized using the straight-line method over the life of the asset if there is a bargain purchase option or transfer of title. If there is no bargain purchase option or transfer of title, the leased asset is amortized over the lease term. Such amortization is included in depreciation in the financial statements.

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Income Taxes

The District is a political subdivision of the State of Louisiana and exempt from taxation.

Use of Estimates

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

Accounting Standards

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB).

NOTE 2 CASH AND CASH EQUIVALENTS

Under state laws, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. The District has cash and cash equivalents (book balances) totaling \$14,763 and \$14,483 as of May 31, 2003 and 2002, respectively.

These deposits are stated at cost, which approximates market. Under state laws, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at May 31, 2003 and 2002, totaled \$14,763 and \$14,483, respectively, and were fully secured by federal deposit insurance.

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Notes to Financial Statements

NOTE 3 PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation for the years ended:

	May 31, 2003		
	Cost	Accumulated Depreciation	Book Value
Land	\$ 165,468	\$ -	\$ 165,468
Buildings	5,674,800	(3,955,586)	1,719,214
Equipment	<u>1,668,245</u>	<u>(1,625,706)</u>	<u>42,539</u>
	<u>\$ 7,508,513</u>	<u>\$ (5,581,292)</u>	<u>\$ 1,927,221</u>
	May 31, 2002		
	Cost	Accumulated Depreciation	Book Value
Land	\$ 165,468	\$ -	\$ 165,468
Buildings	5,674,800	(3,854,403)	1,820,397
Equipment	<u>2,258,605</u>	<u>(2,174,827)</u>	<u>83,778</u>
	<u>\$ 8,098,873</u>	<u>\$ (6,029,230)</u>	<u>\$ 2,069,643</u>

Depreciation is calculated using the straight-line method. Useful lives for the purpose of calculating depreciation by class are:

Buildings	10 - 40 years
Equipment	3 - 15 years

NOTE 4 LONG-TERM DEBT

	<u>2003</u>	<u>2002</u>
Note payable, due in 120 monthly installments of \$772, bearing interest at 7.5% per annum, secured by office building	\$ 5,269	\$ 13,782
Less current maturities of long term debt	<u>5,269</u>	<u>8,513</u>
Long-term debt net of current maturities	<u>\$ -</u>	<u>\$ 5,269</u>

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Notes to Financial Statements

NOTE 4 LONG-TERM DEBT (Continued)

Scheduled principal repayments on long-term debt are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2004	<u>\$ 5,269</u>

NOTE 5 OPERATING LEASES

The District leases various equipment under operating leases expiring at various dates through August 2003. Total operating lease payments in 2003 and 2002 were \$31,711 and \$32,453, respectively.

The following is an annual schedule of future minimum lease payments under operating leases as of May 31, 2003, that have initial or remaining lease terms in excess of one year.

<u>Year Ending May 31,</u>	<u>Amount</u>
2004	<u>\$ 330</u>

The District leases property, plant and equipment to PHC–Eunice, Inc. under a noncancellable, operating lease for a term effective February 22, 1999 to June 30, 2008 with the option to extend the lease for an additional five year term. The following is a schedule, by year, of future minimum rentals under the lease as of May 31, 2003:

<u>Year Ending May 31,</u>	<u>Amount</u>
2004	\$ 10,731
2005	11,250
2006	30,000
2007	30,000
Thereafter	<u>32,500</u>
	<u>\$ 114,481</u>

NOTE 6 CONTINGENT LIABILITIES

The District has been named a defendant in a lawsuit relating to the District's participation in a joint venture with Louisiana Health Systems Corporation. Since the joint venture has undergone liquidation and dissolution, the vendor claims both partners of the joint venture are liable for the debts of the joint venture. Any settlement and its effects on the financial position of the District, if any, can not reasonably be determined by management and legal counsel.

SUPPLEMENTAL INFORMATION



(A Corporation of Certified Public Accountants)

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners
St. Landry Parish Hospital Service District No. 1
Eunice, LA 70535

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of St. Landry Parish Hospital Service District No. 1 ("District") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about St. Landry Parish Hospital Service District No. 1's compliance with certain laws and regulations during the year ended May 31, 2003 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

The District had no expenditures during the year for materials and supplies exceeding \$15,000 and no expenditures for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The District had no paid employees for the year under examination.

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Budgeting

4. The Local Government Budget Act (LSA-RS 39:1301-14) requires the preparation of a budget for the general and special revenue funds.

The District utilizes proprietary fund accounting.

Accounting and Reporting

5. Randomly select 6 disbursements made during the year under examination and:
 - (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated proper approvals.

Meetings

6. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The District properly posts a notice of each meeting and the accompanying agenda on the door of the building in which the meeting is to be held.

Debt

7. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

8. Examine disbursements and minutes for the year to determine whether any payments have been made which may constitute bonuses, advance, or gifts.

A reading of the minutes of the district for the year indicated no approval for the payments noted. We also inspected disbursement records for the year and noted no instances which would indicate payments which would constitute bonuses, advances, or gifts.

Our prior year report, dated July 31, 2002, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of St. Landry Parish Hospital Service District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants

Eunice, Louisiana
June 12, 2003

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

June 6, 2003 (Date Transmitted)

Darnall, Sikes & Frederick

P.O. Drawer 1048

Eunice, LA 70535

(Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [X] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [X] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.
Yes [X] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.
Yes [X] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.
Yes [X] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.
Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Secretary _____ Date

Treasurer _____ Date

President 6/6/03 Date

Note: If the engagement is for a routine compilation/attest that will be completed within six months of the entity's fiscal year-end and the CPA will submit either a Fax Approval Form or an Email engagement approval form to the legislative auditor, the space for the legislative auditor's approval may be omitted.