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**LOWER CAMERON
HOSPITAL SERVICE DISTRICT NO. 2
Johnson Bayou, Louisiana**

**Financial Statements
December 31, 2007**

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

Release Date 7/30/08

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BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Lower Cameron Hospital District No. 2
Cameron, Louisiana

We have audited the accompanying financial statements of Lower Cameron Hospital District No. 2 as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 audit provides 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 Lower Cameron Hospital District No. 2 as of December 31, 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on Pages 3 through 5 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2008 on our consideration of Lower Cameron Hospital District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Broussard & Company

Lake Charles, Louisiana
June 25, 2008

**LOWER CAMERON HOSPITAL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2007**

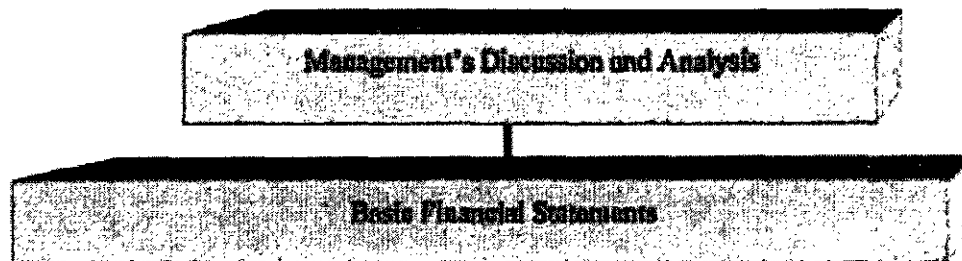
The Management's Discussion and Analysis of the Lower Cameron Hospital District No. 2 (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- ★ The District's assets exceeded its liabilities at the close of fiscal year 2007 by \$673,297. Of this amount, \$147,155 (unrestricted net assets) may be used to meet the District's ongoing obligations to its users.
- ★ The District's support and revenue exceed its expenses by \$673,297.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**LOWER CAMERON HOSPITAL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2007**

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Combined Balance Sheets; the Combined Statements of Revenues and Expenses; and Combined Statements of Changes in Net Assets; and the Combined Statements of Cash Flows.

The Statement of Financial Position (page 6) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities (page 7) presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (page 8) presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	2007
Current and other assets	\$147,155
Capital assets	\$526,142
Total assets	\$673,297
Other liabilities	0
Long-term debt outstanding	0
Total liabilities	0
Net assets:	
Invested capital assets, net of debt	\$526,142
Unrestricted	\$147,155
Total net assets	\$673,297
Total liabilities and net assets	\$673,297

**LOWER CAMERON HOSPITAL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2007**

The net assets of the District's increased by \$673,297

	<u>2007</u>
Revenue and support	\$ 740,518
Expenses	<u>67,221</u>
Increase in net assets	<u>\$673,297</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2007, the District had \$526,142, net of accumulated depreciation, invested in capital assets, including buildings and improvements.

CONTACTING THE HOSPITAL'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lynn Griffith, Secretary, Lower Cameron Hospital District No. 2.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Statement of Financial Position
As of December 31,

	<u>2007</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 139,444
Prepaid insurance	<u>7,711</u>
Total Current Assets	<u>147,155</u>
Property, Plant and Equipment	
Building and improvements	<u>531,766</u>
	531,766
Less accumulated depreciation	<u>(5,624)</u>
Net Property, Plant and Equipment	<u>526,142</u>
Total Assets	<u><u>\$ 673,297</u></u>
Liabilities and Net Assets	
Current Liabilities	
Total Current liabilities	<u>-</u>
Long Term Liabilities	
Total Liabilities	<u>-</u>
Net Assets	
Invested in capital assets, net of related debt	526,142
Unrestricted net assets	<u>147,155</u>
Total net assets	<u>673,297</u>
Total Liabilities and Net Assets	<u><u>\$ 673,297</u></u>

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Statement of Activities
For the Year Ended December 31

	<u>2007</u>
Revenue and Support	
Revenue:	\$ -
Support:	
Contributions	740,100
Interest	<u>418</u>
Total Support	<u>740,518</u>
Total Revenue and Support	<u>740,518</u>
Expenses	
General and administrative:	
Management fees	50,000
Office expense	749
Insurance expense	7,825
Maintenance expense	905
Consulting fees	221
Depreciation expense	5,624
Utilities expense	1,413
Miscellaneous expense	<u>484</u>
Total Expenses	<u>67,221</u>
Change in Net Assets	673,297
Net Assets - Beginning of Year	<u>-</u>
Net Assets - End of Year	<u>\$ <u>673,297</u></u>

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Statement of Cash Flows
For the Year Ended December 31,

	<u>2007</u>
Cash Flows From Operating Activities	
Receipts from donors and interest income	\$ 210,518
Payments to suppliers	<u>(69,308)</u>
Net cash provided (used) by operating activities	<u>141,210</u>
 Cash Flows From Investing Activities	
Fixed asset acquisitions	<u>(1,766)</u>
 Net Cash Provided (Used) by Investing Activities	<u>(1,766)</u>
 Net Increase in Cash and Cash Equivalents	139,444
Cash and Cash Equivalents - Beginning of Year	<u>-</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 139,444</u></u>
 Reconciliation of operating income to net cash provided (used) by operating activities:	
Change in net assets	\$ 673,297
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,624
(Increase) decrease in prepaid expenses	(7,711)
In-kind contributions	<u>(530,000)</u>
 Net Cash Provided (Used) by Operating Activities	<u><u>\$ 141,210</u></u>

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL DISTRICT NO. 2
Cameron, Louisiana
Notes to Financial Statements
December 31, 2007

Note 1 - Organization and Summary of Significant Accounting Policies

The Lower Cameron Hospital District No. 2 is a component unit of the Cameron Parish Police Jury. The District owns a building which houses a rural health clinic located in the Johnson Bayou community of Cameron Parish, Louisiana.

GASB No. 20 requires that governments' proprietary activities apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The Hospital has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

Reporting Entity - As more fully described in the paragraph above, the Hospital Service District is a component unit of the Cameron Parish Police Jury.

Basis of Accounting - The District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*.

The District uses the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risk Management - The District is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters.

LOWER CAMERON HOSPITAL DISTRICT NO. 2
Cameron, Louisiana
Notes to Financial Statements (Continued)
December 31, 2007

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Property, Plant, and Equipment - Property, plant, and equipment of the District is recorded at cost. Depreciation is recorded using the straight- line method in amounts sufficient to amortize the cost of its assets over their estimated useful lives.

The estimated useful lives of the various assets follow guidelines established by the American Hospital Association, and are categorized as follows:

	<u>Life</u>
Buildings and improvements	10 - 40 years

The District entered into a cooperative endeavor agreement with Cheniere LNG Terminals, Inc. (Cheniere), whereby, Cheniere donated a building and improvements valued at \$530,000 to be used as a health clinic to the District. The agreement also included the donation of land by the Stream Family Limited Partnership, where the clinic is situated. No value has been assigned to the land. The agreement also provides for financial assistance in the form of contributions from Cheniere of \$210,000 for 2007 and \$360,000 for years 2008 and 2009.

The costs of maintenance and repairs of property and equipment are charged to expense as incurred. Expenditures for additions, improvements, and replacements are capitalized. The cost and related accumulated depreciation of property and equipment retired are removed from the accounts and any resulting gain or loss is recognized.

Cash and Cash Equivalents - The District considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Note 2 - Management Services Agreement

The District entered into a management services agreement with West Cal Cam Hospital, effective November 1, 2007, for the purpose of managing the rural health clinic. The compensation for said services will be cost based, not to exceed \$25,000 per month. The agreement is effective through October 31, 2012.

Note 3 - Compensation of the Board of Commissioners

The members of the Board of Commissioners of Lower Cameron Hospital District No. 2 did not receive any compensation for the fiscal year ended December 31, 2007.

LOWER CAMERON HOSPITAL DISTRICT NO. 2
Cameron, Louisiana
Notes to Financial Statements (Continued)
December 31, 2007

Note 4- Cash, Cash Equivalents, Certificates of Deposit and Other Investments

Under Louisiana Revised Statutes 39:2955, the District may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having a principal office in Louisiana. Additionally, Louisiana statutes allow the Hospital to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, and mutual or trust funds register with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

At December 31, 2007, the District had cash, cash equivalents and certificates of deposit (book balances) totaling \$139,444.

These deposits are stated at cost, which approximates market. Under state law, 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. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk is the risk that in the event of bank failure, the District's deposits may not be returned. At December 31, 2007, the District has \$139,786 in deposits (collected bank balances). These deposits are secured from risk by \$139,786 of federal deposit insurance.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Hospital that the fiscal agent has failed to pay deposited funds upon demand.

SUPPLEMENTARY INFORMATION



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

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

Board of Commissioners
Lower Cameron Hospital District No. 2
Cameron, Louisiana

We have audited the financial statements of the Lower Cameron Hospital District No. 2, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit we considered Lower Cameron Hospital District No. 2's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the *preceding paragraph* and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Lower Cameron Hospital District No. 2's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of Lower Cameron Hospital District No. 2's financial statements that is more than inconsequential will not be prevented or detected by Lower Cameron Hospital District No. 2's internal control. We consider items 2007-1 and 2007-2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by District's internal control.


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-2 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether financial statements of Lower Cameron Hospital District No. 2 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Lower Cameron Hospital District No. 2's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Lower Cameron Hospital District No. 2's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of Lower Cameron Hospital District No. 2 and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Lake Charles, Louisiana
June 25, 2008

LOWER CAMERON HOSPITAL DISTRICT NO. 2
Cameron, Louisiana
Schedule of Findings
December 31, 2007

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. Significant deficiencies in internal control – refer to B. 2007-01; material weakness in internal control – refer to B. 2007-02.
3. No instances of non-compliance noted.

B. GAGAS Findings:

2007-01 Segregation of Duties - A proper segregation of duties is not feasible due to the small number of people involved in the District's day-to-day operations. Management has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties.

2007-02 Financial Statement Reporting – The District maintains its books and records on the cash basis of accounting. The District relies on the auditing firm to assist in adjusting the cash basis books to accrual basis and to assist in the preparation of external financial statements and related disclosures. Under U. S. generally accepted auditing standards, the auditing firm cannot be considered part of the District's internal control structure and because of the limitations of the accounting staff, the design of the District's internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Management has considered this weakness and determined that it would not be cost effective at this time to employ or contract the appropriate personnel to remove this deficiency.