

**Louisiana State University –
Health Care Services Division**

Annual Financial Report

**For the Year Ended
June 30, 2006**

With Audit Adjustments

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LOUISIANA STATE UNIVERSITY SYSTEM
STATEMENT OF NET ASSETS with Audit Adjustments
FOR THE YEAR ENDED JUNE 30, 2006
LSU Health Care Services Division

		2006
ASSETS		
Current Assets		
Cash and cash equivalents		104,481,670
Investments		3,595,878
Accounts receivable, net		43,103,763
Pledges receivable		0
Due from other campuses		530,812
Due from State Treasury		25,811,147
Due from Federal Government		0
Inventories		11,723,452
Deferred charges and prepaid expenses		1,246,085
Notes receivable		0
Other current assets		0
Total current assets		<u>190,492,807</u>
Noncurrent Assets		
Restricted assets:		
Cash and cash equivalents		451,512
Investments		13,526,469
Accounts receivable, net		2,645,185
Notes receivable		0
Other		0
Investments		0
Pledges receivable		0
Notes receivable		0
Capital assets, net		120,618,407
Assets under capital leases, net		0
Other noncurrent assets		3,660,000
Total noncurrent assets		<u>140,901,572</u>
Total assets		<u>331,394,379</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities		220,422,675
Due to other campuses		1,012,061
Due to State Treasury		476,060
Due to Federal Government		0
Deferred revenues		0
Amounts held in custody for others		151,378
Compensated absences payable		2,312,368
Capital lease obligations		0
Claims and litigations		0
Notes payable		10,843,558
Contracts payable		0
Bonds payable		4,445,000
Other current liabilities		0
Total current liabilities		<u>239,663,100</u>
Noncurrent Liabilities		
Amounts held in custody for others		0
Compensated absences payable		23,372,614
Capital lease obligations		0
Claims and litigations		0
Notes payable		19,018,270
Contracts payable		0
Bonds payable		19,605,000
Other noncurrent liabilities		0
Total noncurrent liabilities		<u>61,995,884</u>
Total liabilities		<u>301,658,985</u>
NET ASSETS		
Invested in capital assets, net of related debt		66,706,579
Restricted for:		
Nonexpendable		7,495,134
Expendable		11,661,375
Unrestricted		(56,127,693)
Total Net Assets		<u>29,735,395</u>

LOUISIANA STATE UNIVERSITY SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS with Audit Adjustments
FOR THE YEAR ENDED June 30, 2006
LSU Health Care Services Division

	University
OPERATING REVENUES	
Student tuition and fees	
Less scholarship allowances	
Net student tuition and fees	
Gifts received by the foundations	
Earnings on foundation endowments	
Federal appropriations	
Federal grants and contracts	
State and local grants and contracts	
Nongovernmental grants and contracts	
Sales and services of educational departments	
Hospital income	643,473,543
Auxiliary enterprise revenues, including revenues pledged as security for bond issues	
Less scholarship allowances	
Net auxiliary revenues	
Other operating revenues	
Total operating revenues	643,473,543
OPERATING EXPENSES	
Educational and general	
Instruction	
Research	
Public service	
Academic support	
Student services	
Institutional support	
Operation and maintenance of plant	
Scholarships and fellowships	
Auxiliary enterprises	
Hospital	701,038,174
Other operating expenses	
Total operating expenses	701,038,174
Operating income (loss)	(57,564,630)
NONOPERATING REVENUES AND (EXPENSES)	
State appropriations	74,258,061
Gifts	9,348,262
Net investment income (loss)	5,999,036
Interest expense	(2,004,483)
Payments to or on behalf of the university	
Other nonoperating - FEMA Revenues	6,719,912
Other nonoperating - FEMA Expenses	(5,634,538)
Other nonoperating revenues (expenses)	19,768,136
Net nonoperating revenues (expenses)	108,454,385
Income before other revenues, expenses, gains, and losses	50,889,754
Capital appropriations	8,888,110
Capital gifts and grants	
Additions to permanent endowments	
Other additions, net	
Extraordinary item - loss on impairment of capital assets	(4,070,023)
Increase (decrease) in net assets	55,707,842
Net assets at beginning of year, restated	(25,972,447)
Net assets at end of year	29,735,395

LOUISIANA STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOWS with Audit Adjustments
FOR YEAR ENDED JUNE 30, 2006
LSU Health Care Services Division

	2006
Cash flows from operating activities	
Student tuition and fees	\$ -
Federal appropriations	-
Grants and contracts	-
Sales and services of educational departments	-
Hospital income	688,134,951
Auxiliary enterprise receipts	-
Payments for employee compensation	(268,949,453)
Payments for benefits	(75,398,498)
Payments for utilities	(10,725,734)
Payments for supplies and services	(361,029,116)
Payments for scholarships and fellowships	-
Loans to students	-
Collection of loans to students	-
Other receipts (disbursements)	-
Net cash provided (used) by operating activities	<u>(27,967,850)</u>
Cash flows from non-capital financing activities	
State appropriations	74,258,061
Gifts and grants for other than capital purposes	29,348,261
Private gifts for endowment purposes	-
TOPS receipts	-
TOPS disbursements	-
FEMA receipts (disbursements)	1,085,374
Federal Family Education Loan Program receipts	-
Federal Family Education Loan Program disbursements	-
Other receipts (disbursements)	1,088,933
Net cash provided by noncapital financing sources	<u>105,780,629</u>
Cash flows from capital financing activities	
Proceeds from capital debt	-
Capital appropriations received	-
Capital grants and gifts received	-
Proceeds from sale of capital assets	-
Purchase of capital assets	(15,991,820)
Principal paid on capital debt and leases	(2,229,646)
Interest paid on capital debt and leases	(2,004,483)
Deposit with trustees	-
Other sources	2,645,185
Net cash used by capital financing activities	<u>(17,580,764)</u>
Cash flows from investing activities	
Proceeds from sales and maturities of investments	-
Interest received on investments	5,999,036
Purchase of investments	(971,815)
Net cash provided (used) by investing activities	<u>5,027,221</u>
Net increase (decrease) in cash and cash equivalents	<u>65,259,236</u>
Cash and cash equivalents at beginning of the year	<u>39,673,945</u>
Cash and cash equivalents at the end of the year	<u>\$ 104,933,181</u>

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In July of 1984, the GASB issued Statement 1, which provided that all statements and interpretations issued by the National Council on Governmental Accounting (NCGA) continue as generally accepted accounting principles until altered, amended, supplemented, revoked or superseded by subsequent GASB pronouncements.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. As a component unit of the State of Louisiana, LSU Health Care Services Division is required to report its financial statements in accordance with GASB 34 and 35 as amended by GASB 37 and 38. Financial statement presentation required by GASB 34 and 35 provides a comprehensive, entity-wide perspective of the institution's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replaces the fund-group perspective previously required.

The GASB Code Section 2100 has defined the governmental reporting entity to be the State of Louisiana. Therefore, the accompanying financial statements of the university contain sub-account information of the various funds of the State of Louisiana. As such, the accompanying financial statements present information only as to the transactions of the programs of the university as authorized by Louisiana statutes and administrative regulations.

2. REPORTING ENTITY

LSU Health Care Services Division is a publicly supported institution of higher education. Using the criteria established in GASB Statement 14, *The Financial Reporting Entity* as amended by GASB 39, the institution is reported as a discrete component unit of the State of Louisiana since it is legally separate from and is financially accountable to the State.

Annually, the State of Louisiana issues a comprehensive financial report, which includes the activity contained in the accompanying financial statements. The Louisiana Legislative Auditor audits the basic financial statements.

3. BASIS OF ACCOUNTING

For financial reporting purposes, the institution is considered a special-purpose government engaged only in business-type activities. Accordingly, the institution's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The institution has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The institution has elected not to apply FASB pronouncements issued after the applicable date.

The financial statements of the LSU Health Care Services Division have been prepared on the accrual basis of accounting.

4. CASH EQUIVALENT

The institution considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

5. INVESTMENTS

The institution accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in the carrying value of investments resulting in unrealized gains or losses are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets.

6. INVENTORIES

Inventories are valued at the lower of cost or market on the weighted average basis. The institution accounts for its inventories using the consumption method.

7. NONCURRENT CASH AND INVESTMENTS

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the Statement of Net Assets.

8. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the institution's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. Library collections regardless of age, with a total acquisition value of \$5,000,000 or more will be capitalized and depreciated.

Hospitals within the LSUHSC, Health Care Services Division (HCS D) are subject to federal cost reporting requirements and use capitalizations and depreciation policies of the Centers for Medicare and Medicaid Services (CMS) to ensure compliance with federal regulations. These capitalization policies include capitalizing all assets above \$5,000, depreciable lives greater than 40 years on some assets, and recognizing ½ year of depreciation in the year of acquisition and final year of useful life.

9. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but are related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

10. NONCURRENT LIABILITIES

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

11. NET ASSETS

The institution's net assets are classified as follows:

(a) INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

This represents the institution's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets.

(b) RESTRICTED NET ASSETS – EXPENDABLE

Restricted expendable net assets include resources that the institution is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(c) RESTRICTED NET ASSETS – NONEXPENDABLE

Restricted nonexpendable net assets consist of endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

(d) UNRESTRICTED NET ASSETS

Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the university, and may be used at the discretion of the governing board to meet current expenses and for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the university's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

12. CLASSIFICATION OF REVENUES

The institution has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- (a) OPERATING REVENUE - Operating activity include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most Federal, state, and local grants and contracts and Federal appropriations.
- (b) NONOPERATING REVENUE – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions.

13. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances is the difference between the stated charge for goods and services provided by the institution, and the amount that is paid by students and/or third parties making payments on the student's behalf.

14. ELIMINATING INTERFUND ACTIVITY

Activities between LSU Health Care Services Division and the institution's service units are eliminated for purposes of preparing the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Net Assets.

15. COMPONENT UNITS

NOT APPLICABLE

B. BUDGETARY PRACTICES

The annual budget for the General Fund of the university is established by annual Legislative action and by Title 39 of the Louisiana Revised Statutes. The submission of the budget for approval by the Board of

Regents and the Legislative budget process is required. The other funds of the university, although subject to internal budgeting, are not required to be submitted for approval through the Legislative budget process.

State law provides that appropriations lapse at the end of the fiscal year with the exception noted in Note H, General Fund. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting with some exceptions. The following is a list of exceptions, but is not all inclusive, (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; and (4) certain capital leases are not recorded.

1. BUDGETARY COMPARISON

The following is an appropriation budgetary comparison for current year General Fund appropriation:

Original Budget – should equal Act 16 (the budget appropriated by the Legislature)

Final Budget – Act 16 plus or minus all of the BA 7s

Actual – Revenues and expenses should agree to the revenues and expenses on the Statement of Revenues, Expenses and Changes in Net Assets. **(Note: The university or college may complete this note in the same manner as in the past (base the budgetary note on the operating budget.)**

Adjustment to Budget Basis – Calculate the adjustments to move from an actual basis to a budget basis. For example, depreciation, payroll accrual, compensated absences, etc. should be treated as adjustments to budget basis. Also, nonappropriated revenues and expenses should be listed in this column and subtracted from actual revenues and expenses to arrive at "Actual" on "Budget Basis."

Actual on Budget Basis – "Actual" plus or minus "Adjustment to Budget Basis"

Variance Favorable (Unfavorable) – "Final" minus "Actual on Budget Basis"

	Budgeted			Adjustment	Actual on	Variance
	Original	Final	Actual	to Budget	Budget	Favorable
				Basis	Basis	(Unfavorable)
REVENUES:						
Appropriated by Legislature:						
State General Fund (Direct)	\$ 78,116,380	74,258,061	74,258,061	\$	\$ 74,258,061	\$
State General Fund by Self-Generated Revenues						
State General Fund by Interagency Transfers						
Interim Emergency Board						
Federal Funds						
Other (Include Stat. Dedications)						
Total Revenues	<u>78,116,380</u>	<u>74,258,061</u>	<u>74,258,061</u>	<u>0</u>	<u>74,258,061</u>	
EXPENDITURES:						
Program Expenditures	<u>78,116,380</u>	<u>74,258,061</u>	<u>74,258,061</u>		<u>74,258,061</u>	
Total Expenditures	<u>78,116,380</u>	<u>74,258,061</u>	<u>74,258,061</u>	<u>0</u>	<u>74,258,061</u>	
UNEXPENDED APPROPRIATION						
-CURRENT YEAR	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Further, the university may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of savings and loan associations and savings banks; and share accounts and share certificate accounts of federally or state chartered credit unions.

As reflected on the Statement of Net Assets, the institution had deposits in bank accounts totaling \$104,840,956 at June 30, 2006. Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

Beginning with FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2006, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits per Statement of Net Assets (SNA)	\$ 103,933,152	\$	\$ 907,804	\$ 104,840,956
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized				-
b. Uninsured and collateralized with securities held by the pledging institution				-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entity's name</u>				-
Total Bank Balances of All Deposits	\$ 153,982,618	\$	\$ 907,804	\$ 154,890,422

Note: The "Total Bank Balances - All Deposits" will not necessarily equal the "Deposits per Statement of Net Assets (SNA)" due to outstanding items.

Cash in State Treasury and petty cash must not be reported in the note disclosure. However, to aid in reconciling amounts reported on the Statement of Net Assets to amounts reported in this note, list below any cash in treasury and petty cash that are included in the Statement of Net Assets.

Cash in State Treasury	\$ <u>0</u>
Petty cash	\$ <u>92,225</u>

The following is a breakdown by banking institution, program, *account number, and amount of the total bank balances shown above:

STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

LSU HEALTH CARE SERVICES DIVISION
FOR THE YEAR ENDED JUNE 30, 2006

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Regions Bank - Master Sweep Account</u>	<u>Health Care Services Division</u>	<u>\$ 153,380,495</u>
2. <u>Regions Bank - Depository Account</u>	<u>Health Care Services Division</u>	<u>-</u>
3. <u>Regions Bank - Accounts Payable</u>	<u>Health Care Services Division</u>	<u>-</u>
4. <u>Regions Bank - Payroll</u>	<u>Health Care Services Division</u>	<u>-</u>
5. <u>Capital One</u>	<u>Leonard J. Chabert Medical Center</u>	<u>2,169</u>
6. <u>Hancock Bank - Depository</u>	<u>Lallie Kemp Medical Center</u>	<u>33,979</u>
7. <u>Chase Bank - Depository</u>	<u>Dr. Walter O.Moss Medical Center</u>	<u>177,313</u>
8. <u>Capital One Bank - Depository</u>	<u>Washington-St. Tammany Medical Center</u>	<u>66,820</u>
9. <u>Capital One Bank - Money Market</u>	<u>Medical Center of Louisiana Charity</u>	<u>907,804</u>
	<u>Charity Hospital Medical Center of Louisiana at New Orleans</u>	<u>203,745</u>
10. <u>Capital One Bank - Trust Fund</u>	<u>Health Care Services Division</u>	<u>43,965</u>
11. <u>Chase Bank - Travel & Petty Cash</u>	<u>Lallie Kemp Medical Center</u>	<u>4,770</u>
12. <u>Hancock Bank - Travel Imprest</u>	<u>Huey P. Long Medical Center</u>	<u>4,758</u>
13. <u>Chase Bank - Travel Imprest</u>	<u>Washington-St. Tammany Medical Center</u>	<u>6,563</u>
14. <u>Capital One - Travel Imprest</u>	<u>Dr. Walter O.Moss Medical Center</u>	<u>6,113</u>
15. <u>Chase Bank - Travel Imprest</u>	<u>Earl K. Long Medical Center</u>	<u>2,996</u>
16. <u>Chase Bank - Travel Imprest</u>	<u>Medical Center of Louisiana at New Orleans</u>	<u>25,361</u>
	<u>Medical Center of Louisiana Charity Hospital</u>	<u>7,075</u>
17. <u>Chase Bank - Travel Imprest</u>	<u>Leonard J. Chabert Medical Center</u>	<u>4,080</u>
18. <u>Chase Bank - Travel Imprest</u>	<u>University Medical Center, Lafayette</u>	<u>12,416</u>
19. <u>Regions Bank - Travel Imprest</u>		
20. <u>Iberia Bank - Travel Imprest</u>		
Total		<u>\$ 154,890,422</u>

2. Investments

The LSU Health Care Services Division does maintain investment accounts as authorized by LRS 49:319-325.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are held by either the counterparty or the counterparty's trust department or agent but not in the entity's name. Using the table below, list each type of investment disclosing the carrying amount, market value, and applicable category of risk.

Beginning with FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns must be reported for total investments regardless of exposure to custodial credit risk.

STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

LSU HEALTH CARE SERVICES DIVISION
FOR THE YEAR ENDED JUNE 30, 2006

<u>Type of Investment</u>	<u>and Held by Counterparty</u>	<u>Agent not in Entity's Name</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government Securities	_____	_____	_____	_____
Bonds and Notes:	_____	_____	_____	_____
Federal Home Loan Mortgage Corp.	_____	_____	2,213,975	2,213,975
Federal Home Loan Mortgage Corp.	_____	_____	984,600	984,600
Federal National Mortgage Assoc.	_____	_____	3,591,282	3,591,282
Federal Home Loan Bank	_____	_____	4,355,554	4,355,554
Federal Farm Credit Bank	_____	_____	1,479,535	1,479,535
Collateralized Mortgage Obligations	_____	_____	_____	_____
Federal National Mortgage Assoc.	_____	_____	_____	_____
Federal Home Loan Banks	_____	_____	_____	_____
Federal Home Loan Mortgage Corp.	_____	_____	_____	_____
Mortgage Backed Securities	_____	_____	_____	_____
Federal National Mortgage Assoc.	_____	_____	_____	_____
Federal Home Loan Mortgage Corp.	_____	_____	726,663	726,663
Government National Mortgage Assoc.	_____	_____	_____	_____
Mutual Funds:	_____	_____	_____	_____
Blackrock Mutual Fund	_____	_____	_____	_____
Money market mutual funds	_____	_____	_____	_____
Other:	_____	_____	_____	_____
Investments held by foundations	_____	_____	_____	_____
Common and preferred stock	_____	_____	313,805	313,805
Realty investments	_____	_____	3,456,932	3,456,932
Certificates of deposit	_____	_____	_____	_____
LPFA	_____	_____	_____	_____
Interest receivable	_____	_____	_____	_____
LSUE Housing Foundation	_____	_____	_____	_____
New Orleans Regional Physician Hospital Org.	_____	_____	_____	_____
HCN Investment Account	_____	_____	_____	_____
Total investments	\$ _____ -	\$ _____ -	\$ 17,122,346	\$ 17,122,346

*unregistered – not registered in the name of the government or entity

3. Derivatives

The institution does not invest in **derivatives** as part of its investment policy.

4. Credit Risk, Interest Rate Risk, Concentration of Credit Risk, and Foreign Currency Risk Disclosures
A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

Rating	Fair Value
Aaa	\$ 11,640,346
Unrated	\$ 5,482,000
Total	\$ \$ 17,122,346

B. Interest rate Risk

Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type.

Type of Debt Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	Greater Than 10
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. government securities:					
Bonds and Notes:					
Federal Home Loan Mortgage Corp.	3,198,575	984,600	1,516,315	235,625	462,035
Federal Home Loan Mortgage Corp.					
Federal National Mortgage Assoc.	3,591,282	495,315	1,221,482	1,874,484	
Federal Home Loan Bank	4,355,554	978,750	1,689,147	1,687,657	
Federal Farm Credit Bank	1,479,535		1,000,315	479,220	
Collateralized Mortgage Obligations					
Federal National Mortgage Assoc.					
Federal Home Loan Banks					
Federal Home Loan Mortgage Corp.					
Mortgage Backed Securities					
Federal National Mortgage Assoc.					
Federal Home Loan Mortgage Corp.	726,663				726,663
Government National Mortgage Assoc.					
Mutual Funds:					
Blackrock Mutual Fund					
Money market mutual funds					
Other:					
Investments held by foundations					
Common and preferred stock	313,805	313,805			
Realty investments	3,456,932	3,456,932			
Certificates of deposit					
LPFA					
Interest receivable					
LSUE Housing Foundation					
New Orleans Regional Physician Hospital Org.					
HCN Investment Account					
Total investments	\$ 17,122,346	\$ 6,229,402	\$ 5,427,259	\$ 4,276,986	\$ 1,188,698

List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.):

Debt Investment	Fair Value	Terms
	\$	
Total	\$ -	

C. Concentration of Credit Risk

List, by issuer and amount, investments in any one issuer that represents 5% or more of total investments (not including U.S. government securities, mutual funds, and external investment pools).

Issuer	Amount	% of Total Investments
Beasley Building - Real Estate	\$ 2,961,525	17.30%
Total	\$ 2,961,525	

D. Foreign Currency Risk

NOT APPLICABLE

5. Policies

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

No policies exist concerning the custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risks for the Charity Hospital Trust Funds.

6. Other Disclosures Required for Investments

NOT APPLICABLE

D. ACCOUNTS RECEIVABLE

Accounts receivable are shown on the SNA net of an allowance for doubtful accounts as follows:

<u>List Types</u>	<u>Accounts Receivable</u>	<u>Doubtful Accounts</u>	<u>Net Accounts Receivable</u>	<u>Amts. not scheduled for collection within a year</u>
Student tuition and fees	\$ _____	\$ _____	\$ _____	\$ _____
Auxiliary enterprises	_____	_____	-	_____
Contributions and gifts	_____	_____	-	_____
Federal, state, and private grants and contracts	_____	_____	-	_____
Federal appropriations	_____	_____	-	_____
Clinics	_____	_____	-	_____
Sales & Services / Other	972,566	_____	972,566	_____
Hospital	384,009,261	341,878,064	42,131,197	_____
Other - UCC	187,640,560	187,640,560	-	_____
Other - Insurance Recovery	2,645,185	_____	2,645,185	_____
Total	\$ 575,267,572	\$ 529,518,624	\$ 45,748,948	\$ -

Other - UCC

Accounts Receivable and Doubtful Accounts include \$187,640,560 for State Fiscal Years 2004 and 2005 uncompensated care cost (disproportionate share) that was earned by HCSD during these years. Because of the federal cap and Medicaid State Plan ceiling it has been determined that this amount is uncollectible and therefore an Allowance for Doubtful Accounts was established for the full amount included in Accounts Receivable. These amounts are identified on the "Other Adjustment" line.

Other - Insurance Recovery

Amount of expected insurance recovery to offset extraordinary impairment loss on buildings as a result of disaster events of August 2005 (Hurricane Katrina)

E. CAPITAL ASSETS

Capital assets and assets under capital lease activity for the year ended June 30, 2006 were as follows:

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System

SCHEDULE OF CAPITAL ASSETS
 (schedule includes capital leases)

	Balance 6/30/2005	Prior Period Adjustment	Restated Balance 6/30/2005	Additions	*Transfers	**Retirements	Balance 6/30/2006
Capital assets not being depreciated							
Land	\$ 24,458,239	\$ -	\$ 24,458,239	\$ -	\$ -	\$ -	\$ 24,458,239
Non-depreciable land improvements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-
Construction in progress	8,715,790	-	8,715,790	9,484,419	(5,739,259)	-	12,460,950
Total capital assets not being depreciated	<u>\$ 33,174,029</u>	<u>\$ -</u>	<u>\$ 33,174,029</u>	<u>\$ 9,484,419</u>	<u>\$ (5,739,259)</u>	<u>\$ -</u>	<u>\$ 36,919,189</u>
Other capital assets							
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Less accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Depreciable land improvements	7,549,574	(30,745)	7,518,829	20,388	-	-	7,539,217
** Less accumulated depreciation	<u>(3,896,232)</u>	<u>30,745</u>	<u>(3,865,487)</u>	<u>(59,990)</u>	<u>-</u>	<u>-</u>	<u>(3,925,477)</u>
Total land improvements	3,653,342	-	3,653,342	(39,603)	-	-	3,613,739
Buildings	131,875,046	(372,000)	131,503,046	-	-	(4,204,882)	127,298,164
** Less accumulated depreciation	<u>(102,077,877)</u>	<u>369,114</u>	<u>(101,708,763)</u>	<u>(2,400,071)</u>	<u>-</u>	<u>-</u>	<u>(104,108,835)</u>
Total buildings	29,797,169	(2,886)	29,794,283	(2,400,071)	-	(4,204,882)	23,189,329
Equipment	219,161,811	(866,927)	218,294,884	24,860,555	-	(24,477,477)	218,677,962
** Less accumulated depreciation	<u>(166,345,197)</u>	<u>1,380,091</u>	<u>(164,965,106)</u>	<u>(16,676,770)</u>	<u>-</u>	<u>19,860,062</u>	<u>(161,781,815)</u>
Total equipment	52,816,614	513,164	53,329,778	8,183,785	-	(4,617,416)	56,896,147
Library books	-	-	-	-	-	-	-
** Less accumulated depreciation	-	-	-	-	-	-	-
Total library books	-	-	-	-	-	-	-
Total other capital assets	<u>\$ 86,267,125</u>	<u>\$ 510,278</u>	<u>\$ 86,777,403</u>	<u>\$ 5,744,110</u>	<u>\$ -</u>	<u>\$ (8,822,298)</u>	<u>\$ 83,699,215</u>
Capital Asset Summary:							
Capital assets not being depreciated	\$ 33,174,029	\$ -	\$ 33,174,029	\$ 9,484,419	\$ (5,739,259)	\$ -	\$ 36,919,189
Other capital assets, at cost	358,586,431	(1,269,672)	357,316,759	24,880,943	-	(28,682,360)	353,515,342
Total cost of capital assets	391,760,460	(1,269,672)	390,490,788	34,365,361	(5,739,259)	(28,682,360)	390,434,532
Less accumulated depreciation	(272,319,306)	1,779,949	(270,539,357)	(19,136,832)	-	19,860,062	(269,816,127)
Capital assets, net	<u>\$ 119,441,154</u>	<u>\$ 510,278</u>	<u>\$ 119,951,432</u>	<u>\$ 15,228,529</u>	<u>\$ (5,739,259)</u>	<u>\$ (8,822,298)</u>	<u>\$ 120,618,405</u>

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets.

** Enter a negative number with the exception of accumulated depreciation in the retirement and prior period adjustment column.

STATE OF LOUISIANA
LSU Health Care Services Division
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

F. COLLECTIONS (WORKS OF ART and HISTORICAL TREASURES)

NOT APPLICABLE

G. DUE FROM PRIVATE FOUNDATIONS

NOT APPLICABLE

H. GENERAL FUND

At June 30, 2006, the General Fund had an unexpended appropriation of \$ 0 due to the State Treasury .

I. LONG-TERM LIABILITIES (Current and Noncurrent Portion)

The following is a summary of bond reimbursement contracts and other long-term debt transactions of the university for the year ended June 30, 2006:

STATE OF LOUISIANA
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 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

System	Year ended June 30, 2006				
	Balance June 30, 2005	Additions	Reductions	Balance at June 30, 2006	Amounts due within one year
Notes & bonds payable:					
Notes payable	\$ 27,900,674	11,185,249	9,224,096	29,861,827	10,843,558
Bonds payable	28,350,000	-	4,300,000	24,050,000	4,445,000
Total bonds and notes payable	56,250,674	11,185,249	13,524,096	53,911,827	15,288,558
Other liabilities:					
Compensated absences payable	33,874,225	18,408,759	26,598,002	25,684,982	2,312,368
Capital lease obligations	-	-	-	-	-
Claims and litigation payable	-	-	-	-	-
Amounts held in custody for others	155,868	-	4,490	151,378	-
Contracts payable	-	-	-	-	-
Total other liabilities	34,030,093	18,408,759	26,602,492	25,836,360	2,312,368
Total long-term liabilities	\$ 90,280,767	\$ 29,594,008	\$ 40,126,588	\$ 79,748,187	\$ 17,600,926
Component Units					
Notes & bonds payable:					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total bonds and notes payable	-	-	-	-	-
Other liabilities:					
Compensated absences payable	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Claims and litigation payable	-	-	-	-	-
Amounts held in custody for others	-	-	-	-	-
Contracts payable	-	-	-	-	-
Total other liabilities	-	-	-	-	-
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Combined Total					
Notes & bonds payable:					
Notes payable	\$ 27,900,674	11,185,249	9,224,096	29,861,827	10,843,558
Bonds payable	28,350,000	-	4,300,000	24,050,000	4,445,000
Total bonds and notes payable	56,250,674	11,185,249	13,524,096	53,911,827	15,288,558
Other liabilities:					
Compensated absences payable	33,874,225	18,408,759	26,598,002	25,684,982	2,312,368
Capital lease obligations	-	-	-	-	-
Claims and litigation payable	-	-	-	-	-
Amounts held in custody for others	155,868	-	4,490	151,378	-
Contracts payable	-	-	-	-	-
Total other liabilities	34,030,093	18,408,759	26,602,492	25,836,360	2,312,368
Total long-term liabilities	\$ 90,280,767	\$ 29,594,008	\$ 40,126,588	\$ 79,748,187	\$ 17,600,926

STATE OF LOUISIANA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOT APPLICABLE

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave, but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave (K-time) earned.

Upon separation or termination of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement.

Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on employees' hourly rate of pay at termination or transfer.

The liability for unused annual leave, sick leave, and compensatory leave at June 30, 2006, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.104 – C60.105, is estimated to be \$19,859,814, \$700,781, and \$5,124,387 respectively. The leave payable is recorded in the accompanying financial statement.

The LSU Health Care Services Division's liability for compensated absences (annual, sick, and compensatory leave) at June 30, 2006_ is as follows:

Current liability – estimated to be paid within one year	\$ 2,312,368
Long-term liability	<u>23,372,614</u>
Total liability for compensated absences	<u>\$25,684,982</u>

L. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

NOT APPLICABLE

M. CONTINGENT LIABILITIES

GAAP requires that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can be reasonably estimated. Do not report impaired capital assets below as defined by GASB 42, rather disclose impaired capital assets in Note GG. Losses or pending litigation that is probable should be reflected on the balance sheet. The LSU Health Care Services Division is a defendant in litigation seeking damages as follows:

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Date of Action	Probable Outcome (Remote, reasonably possible, or probable)	* Damages Claimed	Insurance Coverage
01/01/01	Remote	\$ 20,000	\$ none
11/01/02	Remote	50,000	none
05/29/05	Remote	50,000	none
10/01/97	Remote	1,898	none
06/01/04	Remote	75,000	none
Totals		196,898	\$ -

*Note: Liability for claims and judgments should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

Claims and litigation costs of \$53,215 (include incremental cost discussed above) were incurred in the current year and are reflected in the accompanying financial statement.

N. RELATED PARTY TRANSACTIONS

LSUHSC HCSD had no related party transactions for the year ended June 30, 2006, as defined by FASB 57.

O. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

NOT APPLICABLE

P. LEASES

NOTE: Where five-year amounts are requested, please list the total amount (sum) for the five-year period, not the annual amounts for each of the five years.

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period.

Operating Leases

Total operating lease expenditures for fiscal year 2005-06 amounted to \$ 5,302,321. (Operating leases are all leases which do not meet the criteria of a capital lease.) The annual rental payments for the next five years are presented as follows:

Nature of lease	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012- FY2016	FY2017- FY2021
a. Office space	\$ 2,159,545	\$ 310,182	\$ 210,047	\$ 165,526	\$ 82,089	\$ 4,370	\$ -
b. Equipment	1,888,250	1,258,834	-	-	-	-	-
c. Land	-	-	-	-	-	-	-
d. Other	1,615,470	1,614,108	1,562,048	1,121,388	688,226	1,919,628	-
Total minimum future rentals	\$ 5,663,265	\$ 3,183,124	\$ 1,772,095	\$ 1,286,914	\$ 770,315	\$ 1,923,998	\$ -

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Rental revenue/expense for operating leases with scheduled rent increases is based on the relevant lease agreement except in those cases where a temporary rent reduction is used as an inducement to enter a lease. In those instances, rental revenue/expense is determined on either a straight-line or interest basis over the term of the lease and not in accordance with lease terms as required by GASB 13.

Capital Leases

NOT APPLICABLE

Q. NET ASSETS

The institution had the following restricted expendable net assets as of June 30, 2006:

<u>Account title</u>	<u>Amount</u>
Student Fees	\$ _____
Grants & Contracts	_____
Gifts	_____
Endowment Earnings	10,721,035
Auxiliary Enterprises	_____
Student Loan Funds	_____
Capital Construction	_____
Debt Service	_____
Other (Sponsored Projects)	917,488
<u>Total</u>	<u>11,638,523</u>

The institution had the following restricted nonexpendable net asset as of June 30, 2006:

<u>Account title</u>	<u>Amount</u>
Endowment Fund	_____
Other	7,495,134
<u>Total</u>	<u>7,495,134</u>

R. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE

LSU Health Care Services Division provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the university's employees become eligible for those benefits if they reach normal retirement age while working for the university. Those benefits for retirees and similar benefits for active employees are provided through a state operated group insurance company and various insurance companies whose monthly premiums are paid jointly by the employee and by the university.

The university's cost of providing retiree health care and life insurance benefits is recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2006, the costs of retiree benefits for 1,867 retirees totaled \$ 8,582,615. The dependents of a retiree should be counted as a single unit if the retiree is deceased and should not be counted if the retiree is alive. The cost of retirees' benefits is net of participants' contributions.

S. ACCOUNTING CHANGES

NOT APPLICABLE

STATE OF LOUISIANA
 LSU Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

T. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2006.

	Beginning net assets, July 1, 2005, <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, July 1, 2005, <u>as restated</u>
University or System	\$ (26,482,725)	\$ 510,278	\$ (25,972,447)
Component Unit(s)			-
Total	<u>\$ (26,482,725)</u>	<u>\$ 510,278</u>	<u>\$ (25,972,447)</u>

Explanation: _____

U. PLEDGES OF GIFTS

NOT APPLICABLE

V. SEGMENT INFORMATION

NOT APPLICABLE

W. PER DIEM PAID BOARD MEMBERS

NOT APPLICABLE

X. PENSION PLANS

Substantially all of the employees of the university are members of the following State or Teachers Retirement Systems:

Name of retirement system or plan	ID of the plan (A, B, or C see below)	Percentage of covered salaries that employees contribute	University's employer contributions to the plan for the year ended June 30, 2006
LASERS	C	7.50%	\$ 35,736,874
Federal	C	7.00%	\$
TRSL	C	8.00%	\$ 1,423,122
TRSL 40 yr	C	0.00%	\$
MPP	C	8.00%	\$
Deferred Comp	C	7.50%	\$ 81,246
LA School Empl	C	7.50%	\$ 2,594

Identification of retirement plans:

- A) single-employer defined benefit plan
- B) agent multiple-employer defined benefit plan

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C) cost-sharing multiple-employer defined benefit plan

Each System is a statewide public employee retirement system and is available to all eligible employees. Generally, all full-time employees are eligible to participate in the system(s), with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The System(s) publish(es) yearly annual financial reports that include detailed historical, financial, and actuarial information.

LRS 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education which is a defined contribution plan that provides for full and immediate vesting of all contributions remitted on behalf of the participants. Participants contribute 8.0% and the university contributes 15.9% of the covered payroll. Benefits payable to participants are not obligations of the State of Louisiana or the State or Teachers Retirement Systems; but are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled \$ 1,233,278 and \$ 620,517, respectively, for the year ended June 30, 2006.

Y. DEBT REFUNDING

NOT APPLICABLE

Z. COOPERATIVE ENDEAVORS

LSUHSC HCSD had no cooperatives endeavors that created a liability for the State of Louisiana in FY 2006.

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

AA. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

NOT APPLICABLE

BB. DONOR RESTRICTED ENDOWMENTS

NOT APPLICABLE

CC. REVENUE USED AS SECURITY FOR REVENUE BONDS

NOT APPLICABLE

DD. DISAGGREGATION OF PAYABLE BALANCES

STATE OF LOUISIANA
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Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
LSU and Related	\$	\$	\$	\$	\$ 0
UNO					0
LSUS					0
LSUHSC New Orleans					0
LSUHSC-Shreveport					0
E. A. Conway					0
Health Care Services Divisi	52,705,683	8,050,105		159,557,687	220,313,475
LSU Healthcare Network					0
Total payables	\$ 52,705,683	\$ 8,050,105	\$ -	\$ 159,557,687	\$ 220,313,475
UCC in above				159,297,738	

EE. SUBSEQUENT EVENTS

No events of a material nature have occurred subsequent to the SNA date that would require adjustment to, or disclosure in, the accompanying financial statement.

FF. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

NOT APPLICABLE

GG. IMPAIRMENT OF CAPITAL ASSETS

GASB 42 establishes accounting and financial reporting standards for impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. **See Appendix C for additional information on GASB 42 and Impaired Capital Assets.** The following capital assets are considered impaired:

Type of Asset	Amount of Impairment Loss before Insurance Recovery	Indication of Impairment (e.g. (1) physical damage)	Insurance Recovery in the same FY	Reason for Impairment (e.g. hurricane)
Buildings	4,204,884	Physical Damage	3,940,954	Hurricane
Movable Property	3,806,093	Physical Damage	0	Hurricane
Infrastructure				

GASB 42, paragraph 9 outlines five (5) common "indicators of impairment." They are:

- 1) Evidence of physical damage, such as for a building damaged by fire or flood, when the level of damage is such that restoration efforts are needed to restore service utility.
- 2) Enactment or approval of laws or regulations or other changes in environmental factors, such as new earthquake standards that a facility does not meet, and cannot be modified to meet.

STATE OF LOUISIANA
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NOTES TO THE FINANCIAL STATEMENTS
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- 3) Technological development or evidence of obsolescence, such as that related to a major piece of diagnostic or research equipment.
- 4) A change in the manner or expected duration of use of a capital asset, such as closure of a building prior to the end of its useful life.
- 5) Construction stoppage, such as stoppage of construction as a result of a lack of funding.

Damaged assets can be separated into the following categories:

1. assets that will not be returned to service
2. assets temporarily out of service due to needed repairs, restoration, or recertification
3. assets remaining in service but needing repair
4. assets damaged that will continue to be used that will not be repaired

Buildings – The greater of the capitalization threshold, \$100,000, or 20 percent of the capitalized costs of the building impaired by physical damage should be used as the test of whether the magnitude in the decline in service utility is significant. If the cost to restore the building is lower than the capitalization threshold or 20 percent of the capitalized cost of the impaired building (whichever is higher), we will not consider that the “magnitude in the decline in service utility is significant” component of the impairment test to be met. If, however, the building’s restoration costs are equal to or greater than the capitalization threshold or equal to or greater than 20 percent of the capitalized costs of the impaired building (whichever is higher), and the building’s decline in service utility is unexpected, we will conclude that the asset has met the impairment test criteria, and is impaired according to the provisions of GASB 42.

LSU Health Care Services Division has elected to use the estimates calculated and provided by the Office of Facility Planning and Control, (OFPC) to report the estimated restoration costs of the HCSD buildings impaired that meet the established GASB 42 guidelines. OFPC did not consider the valuation and calculations prepared by the Adams Group who was under contract to the LSU HCSD and whose estimates were substantially higher.

Additionally LSU HCSD is only electing to use those estimates as it related to MCLNO University Hospital Campus buildings. The OFPC preliminary cost estimates are based on apparent damage and do not include estimates for inflation, designer fees, contingency or administrative costs, or costs for mitigation and code/ADA upgrades.

Movable property – For GASB 42 implementation, per OSRAP instructions, the impairment threshold is set at \$20,000. In addition, the greater of the impairment threshold or 20 percent of the capitalized cost of the movable property should be used as the test of whether the magnitude in the decline in service utility is significant. If the cost to restore the movable property is equal to or greater than the impairment threshold, \$20,000, or 20 percent of the capitalized cost of the impaired movable property (whichever is greater), and the equipments decline in service utility is unexpected, we will conclude that the asset has met the impairment test criteria, and is impaired according to the provisions of GASB 42.

LSU HCSD determined that the amount of movable property (capital equipment) that met the GASB 42 established and OSRPA approved reporting criteria amounts to \$25,719,896 in original acquisition cost. Of this amount, LSU HCSD Finance and MCLNO Purchasing staff have contacted 6 movable property manufacturers representatives which represent \$17,664,267 of the original amount determined above and this represents approximately 69% of the total qualified movable property inventory in an effort to get an accurate estimate of impairment to the movable property (capital equipment) at MCLNO. Due to the circumstances that have delayed restoration of electrical power and climate controls to the buildings housing the major movable property assets, vendor representatives have been unable to conduct sufficient impairment assessments at this time. Until such time as adequate electrical power and climate control is available, a reasonable determination to this representative sample of the potentially impaired capital equipment is not complete. Therefore, for the time being, LSU HCSD is making the assumption that there is no impairment and that all assets that have not been destroyed and remain idle will be returned to full productive service as they are needed. It is anticipated that the ongoing authorized vendor inspections and impairment estimates will be completed during the subsequent fiscal year, (2007) and that any adjustments necessary to the carrying value

STATE OF LOUISIANA
LSU Health Care Services Division
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

of these assets will be made at that time as a "prior period adjustment" or if the external audit is not finalized an adjustment will be recommended. Our current expectation is that the authorized vendors will complete their evaluation in time to allow LSU HCSD to propose an adjustment.

HH. EMPLOYEE TERMINATION BENEFITS

Termination benefits are benefits, other than salaries and wages, that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as payment for unused leave balances. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan and payment for unused leave balances.

Other termination benefits may include:

1. Early retirement incentives, such as cash payments or enhancements to defined benefit formulas
2. Health care coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits.

1. A description of the termination benefit arrangement(s).
2. Period the employer becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit.
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported).

The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, the cost of providing those benefits for 132 voluntary terminations totaled \$0. For 2006, the cost of providing those benefits for 3,084 involuntary terminations totaled \$0.

[The termination benefits (voluntary and involuntary) paid in FY 2006 should also be included in operating expenses (by function) within the Statement of Revenues, Expenses, and Changes in Net Assets.]

The liability for the accrued voluntary terminations benefits payable at June 30, 2006 is \$0.

STATE OF LOUISIANA
 LSU Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

STATE OF LOUISIANA
 LSU Health Care Services Division
 SCHEDULE OF BONDS PAYABLE
 June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	(Redeemed) Issued	Principal Outstanding 6/30/2006 *	Interest Rates	Interest Outstanding 6/30/06
Hotel Dieu Purchase	12/01/02	36,600,000	28,350,000	(4,300,000)	24,050,000	3.121%	2,685,750

*Note: Principal outstanding at 6/30/06 should agree to Bonds Payable on the Statement of Net Assets.

Send copies of new amortization schedules

SCHEDULE 1-A

SCHEDULE 1-B

STATE OF LOUISIANA
 LSU Health Care Services Division
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE

June 30, 2006

Issue	Date of Issue	Original Issue	NOT APPLICABLE		Principal Outstanding 6/30/06*	Interest Rates	Interest Outstanding 6/30/06
			Principal Outstanding 6/30/05	Redeemed (Issued)			
		\$	\$	\$	\$		\$
Total		\$	\$	\$	\$		\$

*Note: Principal outstanding at 6/30/06 should agree to Contracts Payable on the Statement of Net Assets.

STATE OF LOUISIANA
 LSU Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

STATE OF LOUISIANA
 LSU Health Care Services Division
 Schedule of Notes Payable
 June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	(Redeemed) Issued	Principal Outstanding 6/30/2006 *	Interest Rates	Interest Outstanding 6/30/06
Alaris Pumps	05/30/01	257,604	51,453	(51,453)	-	4.2900%	-
IV Pumps	09/27/02	369,331	173,750	(75,592)	98,158	3.3870%	2,231
Radiographic System Kodak	09/27/02	385,782	181,489	(78,959)	102,530	3.3870%	2,330
IT INFRASTRUCTURE	09/27/02	709,761	333,903	(145,269)	188,634	3.3870%	4,287
Digital Ultrasound	12/20/02	404,437	210,554	(82,119)	128,435	3.3428%	3,426
Digital Mammos	01/15/03	647,411	337,049	(131,454)	205,595	3.3428%	5,484
IT INFRASTRUCTURE	12/20/02	48,100	25,042	(9,767)	15,275	3.3428%	407
Radiographic Table	03/24/03	116,620	66,286	(23,463)	42,823	3.0562%	1,210
Vista C-Arm	03/24/03	144,620	82,201	(29,096)	53,105	3.0562%	1,500
Millennium MG Integra	03/24/03	333,972	189,828	(67,192)	122,636	3.0562%	3,465
Steris Surgical Lights	03/24/03	97,248	55,276	(19,565)	35,711	3.0562%	1,009
Senograph Mammography System	03/24/03	175,221	99,595	(35,253)	64,342	3.0562%	1,817
Cardiac Cath Suite	03/24/03	972,988	553,042	(195,756)	357,286	3.0562%	10,094
Surgical Table	03/24/03	30,088	17,102	(6,053)	11,049	3.0562%	312
Telemetry System for UMC	03/24/03	138,566	78,760	(27,878)	50,882	3.0562%	1,438
Laboratory Information System	05/19/03	576,892	347,065	(115,525)	231,540	3.0601%	7,151
Critical Care Beds	05/19/03	62,561	37,638	(12,528)	25,110	3.0601%	776
Radiography & fluoroscopic machine	05/19/03	105,950	63,741	(21,217)	42,524	3.0601%	1,314
Electrocardiograph and cardiology M&	05/15/03	384,209	231,145	(76,940)	154,205	3.0601%	4,763
Nursery Incubators	05/15/03	43,056	25,903	(8,622)	17,281	3.0601%	534
Stretcher Cribs	05/15/03	20,276	12,198	(4,060)	8,138	3.0601%	251
Pediatric Cribs	05/15/03	22,018	13,247	(4,409)	8,838	3.0601%	273
Maternal Fetal Mionitors	05/15/03	149,633	90,021	(29,965)	60,056	3.0601%	1,855
Anesthesia Equipment	05/15/03	114,716	69,014	(22,972)	46,042	3.0601%	1,422
Alaris Pumps	04/15/04	121,311	77,142	(45,856)	31,286	2.7800%	327
CT System	04/15/04	616,547	412,219	(212,333)	199,886	2.7800%	2,789
Mammography System	04/15/04	72,728	48,624	(25,046)	23,578	2.7800%	329
Energy Management	10/18/03	1,310,566	1,173,752	(54,505)	1,119,247	5.3393%	485,939
Energy Management	10/01/00	1,509,029	1,226,618	(61,928)	1,164,690	6.5023%	602,182
Spacelabs Etc.	06/17/03	2,530,104	1,554,652	(505,653)	1,048,999	2.4372%	26,838
Ultrasound	04/15/04	126,247	80,280	(47,722)	32,558	2.7800%	340
Radiology Equip (PACS, MRI, etc.)	06/15/04	10,152,556	6,854,200	(3,383,453)	3,470,747	2.7800%	48,126
CADD-Prizm PCS 2 Pump	02/13/04	101,050	75,686	(19,757)	55,929	3.2500%	2,534
Scrub Stations	02/13/04	158,887	119,005	(31,064)	87,941	3.2500%	3,985
Cardio Lab System	02/13/04	184,810	138,422	(36,133)	102,289	3.2500%	4,635
CLIQ Equipment	07/06/04	156,049	110,223	(51,829)	58,394	3.7700%	1,292
Copiers	08/09/04	99,955	84,607	(19,081)	65,526	3.8700%	4,203
Endoscopy Sys, Olympus	03/17/05	116,022	106,857	(37,553)	69,304	3.8600%	2,478
Ventilators	07/06/04	88,401	73,506	(16,893)	56,613	4.0600%	3,713
Spacelabs	10/15/04	876,457	768,109	(167,247)	600,862	3.4400%	35,968
Anesthesia Machines	03/16/05	157,060	149,917	(29,282)	120,635	3.9300%	9,305
Ultrasound, Philips	03/16/05	183,637	175,285	(34,237)	141,048	3.9300%	10,879
XSMARTCR, Fuji	04/08/05	87,165	84,545	(16,112)	68,433	4.2100%	5,790
GE PRODIGY ADVANCE PLUS BON	03/17/05	82,000	78,271	(15,288)	62,983	3.9300%	4,858
GE LOGIQ 9 ULTRASOUND	03/17/05	183,450	175,107	(34,203)	140,904	3.9300%	10,868
Ultrasound, GE VIVID	03/03/05	126,280	120,499	(23,660)	96,839	3.6600%	6,945
Spacelabs	01/28/05	157,825	136,893	(51,513)	85,380	3.5400%	2,541
Spacelabs PO#99	06/28/05	732,858	732,858	(234,982)	497,876	3.8400%	20,159

STATE OF LOUISIANA
 LSU Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE OF NOTES PAYABLE
 June 30, 2006
 (Continued)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	(Redeemed) Issued	Principal Outstanding 6/30/2006 *	Interest Rates	Interest Outstanding 6/30/06
ONCOLOGY EQUIPMENT PO#72	06/30/05	2,502,985	2,502,985	(464,694)	2,038,291	3.6600%	155,942
Phillips CT PO#95	07/05/05	1,545,912	1,545,911	(262,687)	1,283,224	3.6600%	100,228
Anesthesia Machines PO#100	08/11/05	1,258,086	1,258,085	(334,006)	924,079	4.1300%	43,550
PO # 103 Philips Neuro Angiography System PO#103	08/11/05	1,706,890	1,706,890	(260,787)	1,446,103	4.1000%	129,498
PO# 104 100206 Allura XPER FD20	08/11/05	1,857,621	1,857,621	(197,066)	1,660,555	4.2300%	162,860
OLYMPUS System	07/18/05	347,447	347,447	(58,915)	288,532	3.7600%	23,167
Philips Medical Select V5000DSCV	06/27/05	596,416	596,416	(110,476)	485,940	3.7700%	38,321
GE CT Scanner	04/07/06	1,615,038		1,566,854	1,566,854	4.5100%	179,904
GE Millennium MG Xeleris Workstation	02/23/06	339,563		319,127	319,127	4.3100%	33,739
Verticle stand LCD	06/06/05	107,730		87,746	87,746	3.7000%	6,788
Digital R&F, GE	07/25/05	320,614		266,386	266,386	3.8800%	22,088
Alaris Vital Check	07/01/05	101,830		69,166	69,166	3.8000%	2,771
Image Checker, DM	08/05/05	179,060		151,643	151,643	4.0000%	13,240
Voice Recognition System	10/17/05	129,123		113,377	113,377	4.0500%	10,430
GE Lightspeed VCT CT Unit	11/10/05	1,659,472		1,483,628	1,483,628	4.2800%	147,278
Revolution Digital Radiography Sys (2)	12/02/05	798,162		725,612	725,612	4.1700%	71,464
IBM Think Center & LCD's	01/23/06	133,650		116,107	116,107	4.3300%	6,824
GE Millennium Gamma Camera	01/30/06	173,877		160,707	160,707	4.1000%	15,846
Aestiva Anesthesia Machines (5)	02/10/06	303,628		176,132	176,132	4.2600%	10,909
Spacelabs Patient Monitors	04/20/06	1,198,657		1,163,012	1,163,012	4.6400%	137,520
Ultraview Monitors	06/20/06	259,262		259,262	259,262	4.6400%	31,735
Spacelabs Monitors	06/23/06	139,979		139,979	139,979	4.7100%	17,402
GE Mobile C-Arm	03/10/06	264,180		252,312	252,312	4.4300%	27,940
Hill-Rom Care Assist Beds	06/23/06	153,361		153,361	153,361	4.7100%	19,066
Medtronic LandmarX Evolution Plus Image Guidance	07/19/06	140,399		140,399	140,399	4.8300%	17,916
GE Vivid 7 Ultrasound Cardiovascular Scan	06/30/06	194,933		194,933	194,933	4.6700%	24,021
GE Vivid 7 Ultrasound Cardiovascular Scan	06/30/06	116,758		116,758	116,758	4.6700%	14,388
GE Vivid 7 Ultrasound	06/30/06	100,063		100,063	100,063	4.6700%	12,330
Spacelabs Monitors	08/18/05	460,847		338,579	338,579	4.1900%	16,192
Phillips R & F Suite	12/08/05	354,673		322,472	322,472	4.2200%	32,152
Phillips R & F Suite	12/08/05	354,673		322,472	322,472	4.2200%	32,152
Proteus Rad Sys, GE & Precision R&F Suite, GE	06/03/05	410,116		278,590	278,590	3.8200%	11,221
P.O. 00013030	06/28/05	109,490		74,383	74,383	3.8400%	3,012
GE Logiq 9 Ultrasound	04/07/06	178,204		172,887	172,887	4.5100%	19,851
Stryker Endoscopic Video System	05/04/06	118,149		116,395	116,395	4.6400%	14,005
GE Plus Digital Mobile C-Arm	01/23/06	155,277		143,530	143,530	4.1500%	14,330
Tyco Puritan Bennett 840 Ventilator	02/10/06	93,027		87,422	87,422	4.2600%	9,132
Spacelabs	03/17/06	285,369		272,549	272,549	4.4300%	30,181
Canon Copiers (14)	03/17/06	129,659		123,834	123,834	4.4300%	13,713
Spacelabs	06/30/06	106,425		106,425	106,425	4.8500%	13,639
Total		\$ 47,434,166	\$ 27,900,674	\$ 1,961,153	\$ 29,861,827		\$ 3,051,649

*Note: Principal outstanding at 6/30/06 should agree to Notes Payable on the Statement of Net Assets.

SCHEDULE 1-C

STATE OF LOUISIANA
 LSU Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

STATE OF LOUISIANA
 LSU Health Care Services Division
 SCHEDULE OF BONDS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2006

Fiscal Year Ending:	Principal	Interest
2007	\$ 4,445,000	\$ 924,100
2008	4,615,000	742,900
2009	4,790,000	554,800
2010	4,990,000	346,725
2011	5,210,000	117,225
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
Total	\$ 24,050,000	\$ 2,685,750

List the terms by which interest rates change for variable-rate debt: _____

STATE OF LOUISIANA
LSU Health Care Services Division
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 2-A

STATE OF LOUISIANA
LSU Health Care Services Division
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

STATE OF LOUISIANA
LSU Health Care Services Division Component Unit
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2006

NOT APPLICABLE

List the terms by which interest rates change for variable-rate debt: _____

Note: Include a separate amortization schedule for each bond issuance for the new component units included in the university's financial statements.

SCHEDULE 2-A (Component Unit)

STATE OF LOUISIANA
 LSU Health Care Services Division
 SCHEDULE OF NOTES PAYABLE AMORTIZATION

For The Year Ended June 30, 2006

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 10,843,558	\$ 1,007,710
2008	6,789,568	687,910
2009	4,537,262	460,807
2010	4,254,436	278,136
2011	1,805,349	133,882
2012-2016	858,313	380,044
2017-2021	773,341	103,157
2022-2026		
2027-2031		
2032-2036		
Total	\$ 29,861,827	\$ 3,051,646

List the terms by which interest rates change for variable-rate debt: _____

STATE OF LOUISIANA
LSU Health Care Services Division
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

STATE OF LOUISIANA

LSU Health Care Services Division Component Unit
SCHEDULE OF NOTES PAYABLE AMORTIZATION

For The Year Ended June 30, 2006

NOT APPLICABLE

List the terms by which interest rates change for variable-rate debt: _____

SCHEDULE 2-B (Component Unit)

STATE OF LOUISIANA
 LSU Health Care Services Division
 SCHEDULE OF CAPITAL LEASE AMORTIZATION
 For The Year Ended June 30, 2006

NOT APPLICABLE

Fiscal Year	Beginning				
Ending:	Balance	Payment	Interest	Principal	Balance
2007	\$ _____	\$ _____	\$ _____	\$ _____	\$ -
2008	_____	_____	_____	_____	-
2009	_____	_____	_____	_____	-
2010	_____	_____	_____	_____	-
2011	_____	_____	_____	_____	-
2012-2016	_____	_____	_____	_____	-
2017-2021	_____	_____	_____	_____	-
2022-2026	_____	_____	_____	_____	-
2027-2031	_____	_____	_____	_____	-
2032-2036	_____	_____	_____	_____	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -

List the terms by which interest rates change for variable-rate debt: _____

STATE OF LOUISIANA
LSU Health Care Services Division
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

STATE OF LOUISIANA
LSU Health Care Services Division Component Unit
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2006

NOT APPLICABLE

List the terms by which interest rates change for variable-rate debt: _____

SCHEDULE 2-C (Component Unit)

STATE OF LOUISIANA
LSU Health Care Services Division

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended June 30, 2006

NOT APPLICABLE

List the terms by which interest rates change for variable-rate debt: _____

STATE OF LOUISIANA
LSU Health Care Services Division
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

STATE OF LOUISIANA
LSU Health Care Services Division Component Unit
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended June 30, 2006

NOT APPLICABLE

List the terms by which interest rates change for variable-rate debt:_____

STATE OF LOUISIANA
LSU Health Care Services Division
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

STATE OF LOUISIANA
LSU Health Care Services Division
SCHEDULE OF PER DIEM PAID
For The Year Ended June 30, 2006

NOT APPLICABLE

Prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

STATE OF LOUISIANA
 LSU Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

STATE OF LOUISIANA
 LSU Health Care Services Division
 SCHEDULE OF EXPENSES BY UNIVERSITY
 For The Year Ended June 30, 2006

Include expenses by each individual university in your system or expenses by agency number. Also, include the expenses of the foundations. The Total Expenses should agree to the "Combined Total" expenses shown in the Statement of Activities.

<u>Name of individual university and agency no.:</u>	<u>University Amount</u>	<u>*Foundation Amount</u>	<u>Total Expenses</u>
1) LSU	\$ _____	\$ _____	\$ _____ -
2) LSU Alexandria	_____	_____	_____ -
3) LSU Eunice	_____	_____	_____ -
4) LSU Agricultural Center	_____	_____	_____ -
5) LSU Law Center	_____	_____	_____ -
6) LSU System Office	_____	_____	_____ -
7) LSU Pennington Biomedical Center	_____	_____	_____ -
8) LSU Health Sciences Center - New Orleans	701,038,173	_____	701,038,173
9) LSU Health Sciences Center - Shreveport	_____	_____	_____ -
10) University of New Orleans	_____	_____	_____ -
11) LSU Shreveport	_____	_____	_____ -
Total	\$ <u>701,038,173</u>	\$ <u>0</u>	\$ <u>701,038,173</u>

* Should only include foundations that are included in this AFR packet

Appendix A

INFORMATION FOR NOTE C “DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS”

(GASB Statement 3 Amended by GASB Statement 40)

I. Purpose:

Note C provides the required disclosures about the governmental entities' deposits with financial institutions and investments. The disclosures required for deposits and investments as of the fiscal year ended date provides information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments. GASB Statement 40 has modified or eliminated portions of GASB Statement 3 including:

- modified the custodial credit risk disclosures of Statement 3 for deposits and investments to limit the required disclosure to only those exposed to custodial credit risk (similar to GASB 3's category 3).
- established or modified disclosure requirements related to concentrations of credit risk of investments, credit risk of debt investments, and interest rate risks of debt investments (including sensitivity to changes in interest rates), and
- established disclosure requirements for foreign currency risks for both deposits and investments.

Although GASB Statement 40 eliminated some of the disclosures required for custodial credit risk (the 3 categories for example), the total reported amounts of all deposits and investments must still be reported.

II. Comparison of amounts disclosed per requirements in Note C to amounts shown on the Statement of Net Assets (SNA):

- Generally, the amounts of cash and investments on the SNA will not be classified exactly the way they would be classified in Note C.
- “Deposits with Financial Institutions” and “Investments” in Note C may be reported on the SNA using titles or line items that are different than those in Note C, or they may be combinations of titles or line items. For instance, “Deposits” in Note C may come from several line items on the SNA such as “Cash in Bank” and “CD’s”, or even “Investments” (See section III below that gives further guidance on what should be considered “Deposits” in note C).
- Line items on the SNA may include amounts that would be deposits in Note C, and may also include amounts that would be investments in Note C. Also, cash and cash equivalents line items on the SNA may include amounts that are not deposited in bank accounts of the entity and therefore would not be reported in Note C as deposits, but as separate line items such as petty cash, cash on hand, and treasury cash. These amounts must be reported separately from the deposits in Note C.
- Each line item on the SNA that involves cash or investments, including any restricted cash and/or investments, needs to be analyzed to determine what is included in the item and how it should be disclosed in Note C.

III. “Deposits with Financial Institutions” section of Note C:

- Generally, this section of the Note C disclosure refers to the various examples of “Deposits with Financial Institutions” (See “A” below for examples). The term “cash and cash equivalents” is used in reference to GASB Statement 9 that affects presentation for the SNA and statement of cash flows, not the note disclosures required by GASB Statement 3 and 40. “Deposits with Financial Institutions” include deposit accounts in banks, savings and loan associations, and credit unions. They can be demand, savings, or time accounts, including negotiable order of withdrawal (NOW) accounts and non-negotiable CD’s. As stated previously, deposits for Note C may be a combination of SNA line items or titles.
- Do not include treasury cash, petty cash not in a bank account, or cash on hand in Note C as part of the deposits in bank accounts. As mentioned previously, these amounts would be reported separately.

A. Examples and/or definitions:

Nonnegotiable Certificates of Deposit – Nonnegotiable CDs are time deposits that are placed by depositors directly with financial institutions and generally are subject to a penalty if redeemed before maturity. These are treated as deposits for GASB 3 Note C disclosures. (Negotiable CDs are securities that are normally sold in \$1 million units that are traded in a secondary market. These are treated as investments for Note C disclosures.)

Money Market Accounts – Financial institution “money market” accounts are simply deposits that pay interest at a rate set to make the accounts competitive with money market mutual funds. They should be treated like any other deposit account for Note C disclosures.

Bank Investment Contracts (BICs) – A BIC is a general obligation instrument issued by a bank, typically to a pension plan, that provides for a guaranteed return on principal over a specified period. Since these are issued by a bank, they are treated as deposits for Note C disclosures.

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B. Other definitions as applied to deposits:

Insured (Insurance) – Deposits are insured by federal deposit insurance (FDIC), state deposit insurance, multiple financial institution collateral pools that insure public deposits, and even commercial insurance (if scope of coverage would be substantially the same as FDIC).

Collateral – Security pledged by a financial institution to a government entity for its deposits.

IV. "Investments" section of Note C:

- Types of investments for listing investments by type definitions/examples:
 1. Repurchase Agreements – An agreement in which a governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
 2. U.S. Government Obligations – Examples include treasury bills, treasury notes and treasury strips; obligations of certain U.S. Government Agencies such as FNMA, FHLB, or SLMA.
 3. Common & Preferred Stock – A security that represents an ownership interest in an entity.
 4. Commercial Paper (mortgages, notes, etc.) – An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. Almost all commercial paper is rated as to credit risk by rating services.
 5. Corporate Bonds
 6. Other (identify) – It is not appropriate to present material amounts of investments as "Other", unless the note disclosure describes the composition of the "Other" category. The following are examples of other investments:
 - a. Closed-end Mutual Fund – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.
 - b. Open-end Mutual Funds – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, and the fund does not issue certificates but sends out periodic statements showing account activity. These investments are not evidenced by securities that exist in physical or book entry form.
 - c. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
 - d. Investments in pools managed by another government - Generally, these investments would not be exposed to custodial credit risk because the investments themselves are not evidenced by securities that exist in physical or book entry form.
 - e. Private placements, such as venture capital and limited partnerships
 - f. Investments in real estate, annuity contracts, and direct investments in mortgages

V. Risk Disclosures for Deposits and Investments:

- Deposits and investments are subject to several types of risks, mainly credit risk, market risk, interest rate risk, and foreign currency risk.

Credit risk - defined as the risk that a counterparty to an investment transaction will not fulfill its obligations and can be associated with the issuer of securities, with a financial institution holding deposits, or with a party holding investment or collateral securities.

Concentration of credit risk – defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Market risk – defined as the risk that the market value of investment securities, collateral securities protecting a deposit, or securities of a repurchase agreement will decline.

Interest rate risk – defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

Foreign currency risk – defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

A. Custodial Credit Risk Disclosures for Deposits:

Following GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who holds the collateral and how the collateral is held.

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Collateral – Securities pledged by the financial institution for the purpose of securing the governmental entity's deposits.
Collateralized – When the entity's deposits are secured with securities pledged by the financial institution holding the deposits.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

B. Custodial Credit Risk Disclosures for Investments:

Following GASB Statement 3, investments (listed by type) were either classified into three categories (depending on whether they are insured or registered and who holds the securities and how they are held), or listed as non-classified investments.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. However, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

C. Additional Risk Disclosures for Required by GASB Statement 40:

Credit Risk - Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

Interest Rate Risk - Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years of those investments. In addition, list the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.):

Concentration of Credit Risk - List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments.

Foreign Currency Risk - Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List these by currency denomination and investment type, if applicable.

Deposits and Investments Policies Relating to Risk - Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, that fact should be stated.

VI. Securities as Applied to Credit Risk of Deposits and Investments:

Securities defined – a transferable financial instrument that evidences ownership or creditorship. Securities can be in either paper or book-entry form.

1. Examples of securities that are often held by or pledged to (as collateral) governmental entities include:

- a. treasury bills, treasury notes, treasury bonds
- b. federal agency obligations
- c. corporate debt instruments (including commercial paper)
- d. corporate equity instruments
- e. negotiable CD's (keyword here is negotiable)
- f. bankers' acceptances
- g. shares of closed-end mutual funds (keyword here is closed-end)
- h. shares of unit investment trusts

2. Instruments or investments that are not securities include:

- a. investments made directly with another party (such as limited partnerships)

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- b. real estate
- c. direct investments in mortgages and other loans
- d. investments in open-ended mutual funds (keyword here is open-ended)
- e. pools managed by other governments
- f. annuity contracts

Appendix B

INFORMATION FOR NOTE FF - NET ASSETS RESTRICTED BY ENABLING LEGISLATION

Summary of GASB Statement No. 46 - *Net Assets Restricted by Enabling Legislation*

Introduction

The purpose of GASB Statement 46 is to clarify GASB Statement 34's definition of enabling legislation and legal enforceability and give more guidance on how it should be reported in net assets. The goal is to reduce the difficulty of interpreting the requirement in GASB 34 that the restrictions of net assets be "legally enforceable". This statement specifies the reporting requirements if new enabling legislation replaces existing enabling legislation, or if the legal enforceability evaluation changes. Further, the statement requires that governments disclose the portion of total net assets that is restricted by enabling legislation in the notes to the financial statements.

Enabling Legislation

Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources from external providers. In addition, it includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Legal Enforceability

Per Statement 46, legal enforceability means that a party external to the government (citizens, public interest groups, judiciary) can compel the government to use the resources created by enabling legislation only for the purposes specified by the legislation. What is considered legally enforceable is a matter of professional judgment. Since enforceability cannot ultimately be proven unless tested through the judicial process, which may never occur, the determination should be based on the facts and circumstances surrounding each individual restriction. A "blanket" or general determination regarding the legal enforceability of enabling legislation should not be used.

New Enabling Legislation Replacing Original Enabling Legislation

If new enabling legislation replaces original enabling legislation by establishing new legally enforceable restrictions on the resources raised by the original legislation, then the resources accumulated from that period forward should be reported as restricted for that purpose. However, existing resources accumulated under the original enabling legislation could be restricted for the original purpose, restricted for the purpose specified in the new legislation, or unrestricted. This determination would be a matter of professional judgment.

Reevaluation of Legal Enforceability

If resources are used for a purpose other than the purpose stipulated in the enabling legislation, or some other factor causes a reconsideration, then the legal enforceability of those restricted resources should be reevaluated to determine if they should continue to be reported as restricted. If the reevaluation results in a determination that the restriction is no longer enforceable, then report the resources as unrestricted from the beginning of that period forward. If it is determined that the restrictions are still legally enforceable, then continue to report those resources as restricted net assets.

Note Disclosure Required

Governments should disclose the portion of total net assets that is restricted by enabling legislation at the end of the reporting period in the notes to the financial statements.

Effective Date and Transition

The requirements are effective for fiscal year ended June 30, 2006. The accounting changes adopted in applying this statement should be applied retroactively by reclassifying net asset information in the financial statements for all prior periods presented. In the first period the statement is applied, disclosure should be made of the nature of any reclassification and its effect. Also, an explanation of the reason for not reclassifying net assets for prior periods should be explained.

Appendix C

INFORMATION FOR NOTE GG – IMPAIRMENT OF CAPITAL ASSETS

GASB 42 establishes accounting and financial reporting standards for impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. GASB 42, paragraph 9 outlines five (5) common “indicators of impairment.” They are:

- 1) Evidence of physical damage, such as for a building damaged by fire or flood, when the level of damage is such that restoration efforts are needed to restore service utility.
- 2) Enactment or approval of laws or regulations or other changes in environmental factors, such as new earthquake standards that a facility does not meet, and cannot be modified to meet.
- 3) Technological development or evidence of obsolescence, such as that related to a major piece of diagnostic or research equipment.
- 4) A change in the manner or expected duration of use of a capital asset, such as closure of a building prior to the end of its useful life.
- 5) Construction stoppage, such as stoppage of construction as a result of a lack of funding.

Damaged assets can be separated into the following categories:

1. assets that will not be returned to service
2. assets temporarily out of service due to needed repairs, restoration, or recertification
3. assets remaining in service but needing repair
4. assets damaged that will continue to be used that will not be repaired

If the assets are going to be restored (category 2 and 3), then they need to be evaluated for impairment per GASB 42. If the assets will no longer be used (category 1) or will not be repaired (category 4), then an impairment loss per GASB 42 does not need to be calculated.

For assets impaired by physical damage, the restoration cost approach should be used to calculate the impairment loss. Under this approach, the amount of the impairment loss is derived from the estimated costs to restore the utility of the capital asset. Since an asset is not considered impaired unless its decline in service utility is significant, OSRAP has established impairment thresholds for assets impaired by physical damage. In order for an asset to be considered impaired by physical damage, the restoration cost (estimated restoration cost if the asset is not fully restored) of the impaired asset must be equal to or greater than the following:

Infrastructure	\$3 million per agency, per year, or entity capitalization threshold if less than \$3 million per year
Building	Greater of \$100,000 or 20% of the capitalized cost of the building
Movable Property	Greater of \$20,000 or 20% of the capitalized cost of the asset

Infrastructure – The capitalization threshold (\$3 million) should be used for infrastructure impaired by physical damage as the test of whether the magnitude in the decline in service utility is significant. Infrastructure will only be considered impaired if the total estimated restoration costs are equal to or greater than the capitalization threshold for infrastructure, or \$3 million per agency, per year. If your entity uses a lower threshold than \$3 million per year for infrastructure, then your entity’s capitalization threshold for infrastructure should be used as the impairment test threshold. An impairment loss would be calculated on all infrastructure impaired during that year, regardless of the actual dollar value of the restoration cost of each individual infrastructure asset.

Buildings – The greater of the capitalization threshold, \$100,000, or 20 percent of the capitalized costs of the building impaired by physical damage should be used as the test of whether the magnitude in the decline in service utility is significant. If the cost to restore the building is lower than the capitalization threshold or 20 percent of the capitalized cost of the impaired building (whichever is higher), we will not consider that the “magnitude in the decline in service utility is significant” component of the impairment test to be met. If, however, the building’s restoration costs are equal to or greater than the capitalization threshold or equal to or greater than 20 percent of the capitalized costs of the impaired building (whichever is higher), and the building’s decline in service utility is unexpected, we will conclude that the asset has met the impairment test criteria, and is impaired according to the provisions of GASB 42.

Movable property – For GASB 42 implementation, the impairment threshold is set at \$20,000. In addition, the greater of the impairment threshold or 20 percent of the capitalized cost of the movable property should be used as the test of whether the magnitude in the decline in service utility is significant. If the cost to restore the movable property is equal to or greater than the

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impairment threshold, \$20,000, or 20 percent of the capitalized cost of the impaired movable property (whichever is greater), and the building's decline in service utility is unexpected, we will conclude that the asset has met the impairment test criteria, and is impaired according to the provisions of GASB 42.

For assets impaired by enactment or approval of laws or regulations or other changes in environmental factors, technological development or evidence of obsolescence, or a change in the manner or expected duration of use, use the examples provided in GASB 42 for guidance in calculating the impairment loss. The thresholds developed by OSRAP for estimated restoration cost discussed above do not apply to these assets. Report capital assets impaired by construction stoppage at the lower of carrying value or fair value.

GASB 42 requires that the carrying amount of impaired capital assets that are idle at year end be disclosed in the notes, regardless of whether the impairment is permanent or temporary. However, an impairment loss does not have to be calculated for a temporarily impaired asset. If management has to take action to reverse an impairment, such as restoration of a capital asset with physical damage, then the impairment should be considered permanent. In certain circumstances, temporary impairments could be associated with enactment or approval of laws or regulations or other changes in environmental factors, changes in technology or obsolescence, changes in manner or duration of use, or construction stoppage .

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Hospital/College/University: The Medical Center

Schedule 8

Preparer: Raymond Rivarde
Phone Number: (504)903-5140
DUNS Number: 02-6076112
EIN Number: 72-6000734

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other Identifying No.	Pass-through Entity's Number	Project Name	Award ID Number	Award Period	Disbursements/ Expenditures	Receipts/ Issues	Total
Direct Awards:								\$	\$	\$
US-DHHS		GRANTS TO PROVIDE O.P. EARLY INTERVENTION W/RESPECT TO HIV	93.918		Same	6H76-HA-00186-08-01	7/1/05 - 6/30/06	\$ 523,040.63		\$ 523,040.63
Awards from a Pass-through Entity:								\$	\$	\$
Total								\$ 523,040.63	\$	\$ 523,040.63

Federal Grantor = the federal agency that granted the federal award to you or the pass-through entity.

Pass-Through Entity = the quasi-public agency, local government, other state government, a non-profit organization, public college or university in another state, et cetera, that provided the federal award to carry out the federal program, if applicable.

Program Name/Title and Cluster Name = the program name from the CFDA catalog; if not available, the name should be taken from the federal award document; the cluster name should come from these instructions if a program falls within a cluster, see p. 3 of instructions.

CFDA or Other Identifying No. = number presented on the federal award document; if a CFDA number is not available, an other identifying number, along with the 2-digit federal agency prefix, **must** be included; i.e., federal award no., etc. (a list of 2-digit federal agency prefixes is attached, p. 21).

Pass-Through Entity Number = identifying number assigned by the pass-through entity.

Project Name: = the name of the grant or project as identified in your accounting records; if the project name is the same as the program, enter SAME.

Award ID = the grant, contract, etc., number that was assigned by the Federal grantor; this number is the number that you use when corresponding with your grantor.

Award Period = the period during which the assistance is available to your agency.

Expenditures = the amount of expenditures, including indirect costs, made during the year that has or will be financed with assistance provided by a grantor. Public hospitals should report cash disbursements in this column. Colleges and universities should report expenditures in this column.

Issues = the dollar value of commodities, medical supplies or other nonmonetary assistance issued by you during the fiscal year ended June 30, 2006.

Total = the total amounts in the expenditures and issues columns.

Receipt = the receipt of property or the receipt of surplus property

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Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other Identifying No.	Pass-through Entity's Number	Project Name	Award ID Number	Award Period	Disbursements/ Expenditures	Receipts/ Issues	Total
Direct Awards:								\$	\$	\$
Awards from a Pass-through Entity:								\$	\$	\$
US-DHHS	City of New Orleans	RYAN WHITE TITLE I CARE ACT	93.914	PC210-0000027548	RYAN WHITE TITLE 1	05-HLTH-034	3/01/05-2/28/06	\$ 1,260,291.14		\$ 1,260,291.14
Total								\$ 1,260,291.14	\$	\$ 1,260,291.14

Federal Grantor = the federal agency that granted the federal award to you or the pass-through entity.

Pass-Through Entity = the quasi-public agency, local government, other state government, a non-profit organization, public college or university in another state, et cetera, that provided the federal award to carry out the federal program, if applicable.

Program Name/Title and Cluster Name = the program name from the CFDA catalog; if not available, the name should be taken from the federal award document; the cluster name should come from these instructions if a program falls within a cluster, see p. 3 of instructions.

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Award ID = the grant, contract, etc., number that was assigned by the Federal grantor; this number is the number that you use when corresponding with your grantor.

Award Period = the period during which the assistance is available to your agency.

Expenditures = the amount of expenditures, including indirect costs, made during the year that has or will be financed with assistance provided by a grantor. Public hospitals should report cash disbursements in this column. Colleges and universities should report expenditures in this column.

Issues = the dollar value of commodities, medical supplies or other nonmonetary assistance issued by you during the fiscal year ended June 30, 2006.

Total = the total amounts in the expenditures and issues columns.

Receipt = the receipt of property or the receipt of surplus property