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HOSPITAL SERVICE DISTRICT NO. 2
OF ST. LANDRY PARISH

FINANCIAL REPORT

JUNE 30, 2004

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

Release Date 1-26-05

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Hospital Service District No. 2 of
St. Landry Parish
St. Landry Parish, Louisiana

We have audited the balance sheet of Hospital Service District No. 2 of St. Landry Parish as of June 30, 2004, and the related statements of revenues and expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital Service District No. 2 of St. Landry Parish as of June 30, 2004, and the results of its operations and cash flows for the year then ended in conformity with principles generally accepted in the United States of America.

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To the Board of Commissioners
Hospital Service District No. 2 of
St. Landry Parish

As described in Note 1, the Hospital Service District No. 2 of St. Landry Parish has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments," in 2004.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 2004, on our consideration of the District's internal control structure and a report on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Hospital Service District No. 2 of St. Landry Parish has not presented management's discussion and analysis that the *Governmental Accounting Standards Board* has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Breussard, Poché, Lemire ; Breaux L.L.P.

Opelousas, Louisiana
November 5, 2004

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH

BALANCE SHEET
June 30, 2004

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$192,962
Accrued interest receivable	<u>1,007</u>
Total current assets	\$193,969

FIXED ASSETS

Property, plant, and equipment, at cost, less accumulated depreciation of \$1,323,553	<u>64,231</u>
	<u>\$258,200</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Deferred revenue- prepaid lease	\$ 64,231
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FUND EQUITY

Retained earnings	<u>193,969</u>
Total liabilities and fund equity	<u>\$258,200</u>

See Notes to Financial Statements.

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended June 30, 2004

Operating revenue:	
Lease income	<u>\$ 1,000</u>
Operating expenses:	
Depreciation	\$ 6,328
Board expenses	480
Legal fees	<u>488</u>
Total operating expenses	<u>\$ 7,296</u>
Operating loss	\$ (6,296)
Nonoperating revenue:	
Interest income	<u>2,851</u>
Deficiency of revenues over expenditures	\$ (3,445)
Net assets, beginning	<u>261,645</u>
Net assets, ending	<u>\$258,200</u>

See Notes to Financial Statements.

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH

STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Payments to suppliers for goods and services \$ (968)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings 3,570

Net increase in cash \$ 2,602

Cash, beginning of year 190,360

Cash, end of year \$192,962

RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss \$ (6,296)

Adjustments to reconcile operating income (loss)
to net cash provided by operating activities:

Depreciation 6,328

Change in liabilities -

Increase (decrease) in deferred revenue - prepaid lease (1,000)

Net cash used by operating activities \$ (968)

See Notes to Financial Statements.

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

The following is a summary of the Service District's significant accounting policies:

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. Certain significant changes in the Statement include the following:

1. For the first time the financial statements include:

- a. A Management Discussion and Analysis (MD&A) section providing an analysis for the District's overall financial position and results of operations. As noted in the auditor's report, the District has omitted this supplemental information from these financial statements.
- b. Financial statements prepared using full accrual accounting or all of the District's activities.

2. A change in the fund financial statements to focus on the major funds.

The District implemented Statement No. 34 in the current fiscal year, thus, these and other changes are reflected in the accompanying financial statements and notes to those statements. Statement 34 established standards for external financial reporting for all state and local government entities, which include a balance sheet, a statement of revenue and expenses, a statement of changes in net assets, and a direct method statement of cash flows. It requires the classification of net assets into three components- *invested in capital assets, net of related debt, restricted, and unrestricted*. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - This component of net assets consists of constraints creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The adoption of Statement 34 resulted in the previously reported unrestricted fund balance amount being classified to conform to the above net asset classification.

NOTES TO FINANCIAL STATEMENTS

Organization:

Hospital Service District No. 2 of St. Landry Parish is a political subdivision of the State created by an ordinance adopted by the St. Landry Parish Police Jury.

Cash and cash equivalents:

For purposes of the statement of cash flows, the Hospital Service District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property, plant, and equipment:

Property, plant, and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives as explained further in Note 2.

Note 2. Depreciation of Property and Equipment

A summary of depreciable assets and their estimated lives for depreciation purposes are as follows:

	<u>Method</u>	<u>Life (Years)</u>	<u>Cost</u>
Buildings and improvements	SL	10-40	\$ 1,273,578
Equipment	SL	15-40	54,879
Land	-	-	<u>59,327</u>
			\$ 1,387,784
Less accumulated depreciation			<u>(1,323,553)</u>
			<u>\$ 64,231</u>

The fixed assets of the District are all assets purchased prior to January 25, 1972. Any assets purchased after that date are the property of Opelousas General Hospital Trust Authority.

Note 3. Leases

On January 25, 1972, Hospital Service District No. 2 of St. Landry Parish entered into a lease whereby the District agreed to lease to Opelousas General Hospital Trust Authority all the fixed assets of the District for a fifty-year period at the cost of \$1,000 per year. The lease includes one additional fifty-year lease renewal option.

NOTES TO FINANCIAL STATEMENTS

The total minimum rental commitment under the lease mentioned above at June 30, 2004 is as follows:

2005	\$ 1,000
2006	1,000
2007	1,000
2008	1,000
2009	1,000
Thereafter	<u>12,000</u>
	<u>\$ 17,000</u>



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

To the Board of Trustees
Hospital Service District No. 2 of
St. Landry Parish, Louisiana

We have audited the financial statements of Hospital Service District No. 2 of St. Landry Parish, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 5, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Hospital Service District No. 2 of St. Landry Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hospital Service District No. 2 of St. Landry Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial

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To the Board of Trustees
Hospital Service District No. 2 of
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reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, management, and the Legislative Auditor is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Broussard, Poché, Lewis; Bureau L.L.P.

Opelousas, Louisiana
November 5, 2004