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HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

FINANCIAL REPORT

JUNE 30, 2005

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 2-22-06

Hospital Service District No.2 of St. Landry Parish, Louisiana
And Opelousas General Hospital Authority (d/b/a Opelousas General Health System)

Years ended June 30, 2005 and 2004 with Report of Independent Auditors

MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS

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HOSPITAL SERVICE DISTRICT #2 OF ST. LANDRY PARISH, LOUISIANA AND OPELOUSAS GENERAL HOSPITAL AUTHORITY (D/B/A OPELOUSAS GENERAL HEALTH SYSTEM)

MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

(In Thousands)

This section of the Hospital's annual financial report presents background information and management's analysis of the Hospital's financial performance during the fiscal year that ended June 30, 2005. Please read it in conjunction with the financial statements in this report.

Financial Highlights

Opelousas General Health System showed an increase in earnings in excess of expenses of approximately $1,050 or 20.9% over the prior year. The increase was due to the following:

- OGHS and the Cardiovascular Institute of the South (CIS) entered into a 20 years exclusivity contract on January 2004. This exclusivity contract redirected the cardiac business currently not going to OGHS to our campus.

- A Spine Orthopedic Physician started on September 2, 2003 and has exceeded our expectations. The current Spine Orthopedic physician's partner started is practice on August 1, 2005.

- During the year, Opelousas General Health System's total operating revenues increased by $8,104 or 10.8%. Expenses increased by approximately $7,359 or 10.5%. The Hospital's income from operations was approximately $5,291.

- During the fiscal year, OGHS made capital investments for a total of approximately $18,861. The following is a list of significant items:

Capital InvestmentsDepartment	Cost 2005	
Construction In Progress	Renovation/Expansion	$16,746
Land Purchase (Sunset 1.6 Acres)	Administration	$ 144
Billing Software	Business Office	$ 468
Ultrasound Machine	Medical Imaging	$ 152
PACS Upgrade	Medical Imaging	$ 224
Computer Radiography (CR)	Medical Imaging	$ 110
Nurse Documentation Software	Nurse Administration	$ 274
Blood Pressure Monitors	Nurse Administration	$ 79
Image Guided Surgery System	Surgery	$ 282
Nurse Documentation Software	Surgery	$ 75
Sub-Total		$ 1,808

The source of the funding for these projects was derived from operations.

Required Financial Statements

The basic financial statements of the Hospital report information about the Hospital using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The balance sheets include all of the Hospital's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Hospital, and assessing the liquidity and financial flexibility of the Hospital. All of the current year's revenues and expenses are accounted for in the statements of revenue, expenses, and changes in net assets. This statement measures improvements in the Hospital's operations over the past years and can be used to determine whether the Hospital has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Hospital's cash from operations, investing, and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Hospital

The balance sheets and the statements of revenue, expenses, and changes in net assets report information about the Hospital's activities. These two statements report the net assets of the Hospital and changes in them. Increases or decreases in the Hospital's net assets are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

Net Assets

A summary of Opelousas General Health System's balance sheets is presented in Table 1 below:

TABLE 1
Condensed Balance Sheets
(In Thousands)

	2005	2004	Dollar Change
ASSETS			
Total Currents Assets	$ 28,309	$ 26,188	$ 2,121
Property, Plant & Equipment (less accumulated depreciation)	51,826	35,726	16,100
Other Assets – including board designated funds	32,921	41,285	(8,364)
Total Assets	$ 113,056	$ 103,199	$ 9,857
LIABILITIES			
Current Liabilities	$ 10,912	$ 8,209	$ 2,703
Long-term debt outstanding	29,420	28,342	1,078
Total Liabilities	$ 40,332	$ 36,551	$ 3,781
NET ASSETS			
Invested in capital assets, net of related debt	$ 29,999	$ 25,942	$ 4,057
Restricted Assets	4,040	3,839	201
Unrestricted Assets	38,685	36,867	1,818
Total Net Assets	$ 72,724	$ 66,648	$ 6,076
Total Liabilities & Net assets	$ 113,056	$ 103,199	$ 9,857

As shown in Table 1, total assets increased by $9,857 to $113,056 in fiscal year 2005 up from $103,199 in fiscal year 2004. The major change in total assets is primarily due to the borrowing of approximately $3,200 from Hibernia National Bank and the continued growth in profitability, which translated in additional cash.

HOSPITAL SERVICE DISTRICT #2 OF ST. LANDRY PARISH, LOUISIANA AND OPELOUSAS GENERAL HOSPITAL AUTHORITY (D/B/A OPELOUSAS GENERAL HEALTH SYSTEM)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(In Thousands)

Summary of Revenue, Expenses, and Changes in Net Assets

A summary of Opelousas General Health System's historical revenues and expenses for the fiscal years ended June 30, 2005 and 2004 is presented in Table 2 below:

TABLE 2
Condensed Statements of Revenue, Expenses, and Changes in Net Assets
(In Thousands)

	2005	2004	Dollar Change	Percent Change
Revenue:				
Net Patient Service Revenue	$ 81,268	$ 73,439	$ 7,829	10.7%
Other Operating Revenue	1,801	1,526	275	18.0%
Total Operating Revenue	$ 83,069	$ 74,965	$ 8,104	10.8%
Expenses:				
Routine Services	$ 11,725	$ 11,489	$ 236	2.1%
Ancillary Services	35,414	31,437	3,977	12.7%
General Services	5,938	5,402	536	9.9%
Fiscal & Administrative Services	11,186	9,798	1,388	14.2%
Depreciation	5,172	5,500	(328)	-6.0%
Provision for Uncollectable Accounts	8,343	6,793	1,550	22.8%
Total Operating Expenses	$ 77,778	$ 70,419	$ 7,359	10.5%
Operating Income	$ 5,291	$ 4,546	$ 745	16.4%
Non-operating Revenue:	$ 785	$ 480	$ 305	63.5%
Increase in Net Assets	$ 6,076	$ 5,026	$ 1,050	20.9%
Net Assets, Beginning of Year	66,648	61,622	5,026	8.2%
Net Assets, End of Year	$ 72,724	$ 66,648	$ 6,076	9.1%

(In Thousands)

SOURCES OF REVENUE

Operating Revenue

During fiscal year 2005, the hospital derived the majority, or approximately 98%, of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive care in the Health System's facilities. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes cafeteria sales, gift shop sales, rental income, and other miscellaneous services.

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended June 30, 2005 and 2004.

TABLE 3
Payor Mix by Percentage

	Year Ended June 30,	
	2005	2004
Medicare	50.26%	52.94%
Medicaid	17.96	17.73
Medicare HMO	0.36	0.46
Commercial/PPO	25.52	23.63
Workers Comp	1.15	0.94
Self Pay	3.04	2.96
Other	1.71	1.34
	100.00%	100.00%

Other Revenue

Other revenue includes cafeteria sales, rental income, and other miscellaneous services.

TABLE 4
Other Revenue
(In Thousands)

	Year Ended June 30, 2005	Year Ended June 30, 2004
Other Revenue:		
Cafeteria	$ 586	$ 461
Gift Shop	119	106
Rental Income	721	674
Nutritional Counseling	88	89
Outside Housekeeping & Laundry Services	139	121
Miscellaneous	148	75
	$ 1,801	$ 1,526

Investment Revenue

Opelousas General Health System holds designated and restricted funds in its balance sheets that are invested primarily in money market funds and securities issued by the U.S. Treasury and other federal agencies. These investments earned $741 during fiscal year 2005.

Operating and Financial Performance

The following summarizes Opelousas General Health System's statements of revenue, expenses.

Overall activity at the Hospital, as measured by patient discharges, improved 9.8% to 7,911 discharges in 2005 from 7,206 discharges in 2004. Patient days increased 5.0% over prior year from 33,709 in 2004 to 35,405 in 2005. The average length of stay for acute care patients (excluding newborns and rehabilitation) was 4.0 and 4.1 for fiscal years 2005 and 2004 respectively. OGHS is increasing its patient days and discharges while decreasing ALOS, which is a tribute to case management and discharge planning.

Note: Discharges and Patients days include Acute and Rehabilitation days

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(In Thousands)

TABLE 5
Patient and Hospital Statistical Data

	Year Ended June 30,	
	2005	2004
Discharges:		
Acute Care	7,579	6,802
Rehabilitation	332	404
Newborn	819	790
Patient Days:		
Acute Care	30,609	27,885
Rehabilitation	4,796	5,824
Newborn	1,728	1,648
Operating Room I/P Visits	2,615	2,315
Outpatient Surgeries	3,899	3,722
Emergency Room Visits	21,980	21,338
Outpatient Registrations (Including ER)	81,135	78,217
Deliveries	811	789
Procedures:		
Radiology	42,968	39,356
CT Scan	10,627	9,528
Nuclear Medicine	1,406	1,280
MRI	3,829	3,363
Radiation Therapy	3,828	4,479
Heart Cath Unit Cases	1,582	1,647
Hyperbaric Oxygen	2,389	1,941
Physical Therapy	32,447	38,913
Average Daily Census:		
Acute Care	83.9	76.2
Rehabilitation	13.1	15.9
Newborn	4.7	4.5
Average Length of Stay (excluding newborns):		
Acute Care	4.0	4.1
Rehabilitation	14.3	14.6

Total net patient service revenue increased $7,829 or 10.7% in 2005.

Increases in net patient service revenue primarily are due to volume increases as depicted on the proceeding page (Table 5 patient and hospital statistical data). While gross patient revenue increased $31,917or 20.0%, from prior year due to increased volumes and some rate increases in services such as cath. lab & surgery, net patient service revenue only increased $7,829 or 10.7% due to increases in contractual allowances.

Allowances increased over prior year as described in Table 6 below:

TABLE 6
Allowance Summary
(In Thousands)

	Year Ended June 30, 2005	Year Ended June 30, 2004
Allowances:		
Administrive Allowances and Other	$ 10	$ 59
Charity Care	679	38
Blue Cross Discounts	9,664	7,219
Government Contractual Allowances- Medicare and Medicaid	83,512	67,856
Managed Care Allowance	16,428	11,033
	$ 110,293	$ 86,205

The business office continues to streamline collection efforts and collected approximately $12,000 in cash over prior year, which translated in a reduction in accounts receivable days of 14.2 days.

Salary expenses increased $1,140 or 4.3%, to $27,404 in 2005 from $26,264 in 2004. As a percentage of net patient service revenue, salary expense was approximately 33.7% and 35.8% for the fiscal years ended June 2005 and 2004, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(In Thousands)

Employee benefit expense increased $493 or 10.5%, from prior year. Employee benefit expense represented 18.9% and 17.8% of salary expenses in the current and prior fiscal years, respectively. This increase is primarily due to continued increase in workman compensation claims, pension plan and health & dental claims.

Provision for bad debts increased $1,550 or 22.8% over prior year. Several things occurred in the past fiscal year, which contributed to the increase in bad debts. (1) The State of Louisiana Charity System still had their OB/GYN, Orthopedic and Psychiatric services closed at the University Medical Center in Lafayette. The patients that otherwise would have gained access to the charity system, now seek care from the facilities in the surrounding Parishes. OGHS has seen an increase in emergency room, inpatient and outpatient volumes from the closure. (2) OGHS reviewed its charge master and implemented a charge increase in surgery and cath. lab in July 2005. The rate increases were necessary to keep up with the continuous increases in spine orthopedic, heart cath. and other supplies. Unfortunately a portion of the increase was felt as bad debt. (3) OGHS also observed an increase in Psychiatric patients, who routinely are seen through the emergency department before they are transferred to another facility for appropriate care. Many of these psychiatric patients receive a Physician Emergency Certificate (PEC) and/or a Coroner Emergency Certificate (CEC) and are admitted while waiting for transfer for appropriate placement in either Psychiatric and/or Chemical Dependency unit. Many of these folks are indigent patients and have no funds and therefore add to the provision for bad debt.

Depreciation expense decreased by $328 or 6.0% compared to the prior year.

Interest expense decreased by $59 or 11.9% compared to prior year. Interest on the 2003 Bond Issue is being capitalized during the construction period. Net Capitalized Interest was $1,482 as of June 30, 2005

Total operating expenses increased by $7,359 or 10.5% for the year ended June 30, 2005 for the reasons discussed above.

Investment income consists of interest earnings on funds designated by the board of commissioners and funds held by trustee under bond resolution. Investment income increased from the prior year due to the fact that there was higher investment yields in the current year than in the previous year.

Capital Assets

During fiscal year 2005, OGHS invested $18,861 in a broad range of capital assets included in Table 7 below.

TABLE 7
Capital Assets
(In Thousands)

	2005	2004	Dollar Change
Non-depreciable capital assets			
Land	$ 3,882	$ 3,738	$ 144
Construction in progress	19,094	2,348	16,746
Total non-depreciable capital assets	$ 22,976	$ 6,086	$ 16,890
Depreciable assets			
Land improvements	$ 1,497	$ 1,445	$ 52
Automobiles	113	107	6
Buildings	43,256	42,768	488
Equipment	44,874	43,449	1,425
Total depreciable capital assets	$ 89,740	$ 87,769	$ 1,971
Less accumulated depreciation	(60,890)	(58,129)	2,761
Total depreciable capital assets	$ 28,850	$ 29,640	$ 4,732

Net property, plant, and equipment has increased as OGHS has enhanced existing facilities, equipment, and is in the process of renovating existing facilities and building new space to accommodate inpatient and outpatient services.

Long-Term Debt

At year-end, the OGHS had $26,660 in short-term and long-term debt outstanding in revenue bonds. The debt amount is shown net in the balance sheet of the unamortized bond discount of $280. Capital leases at year-end totaled $3,004 in current and long-term liabilities. More detailed information about the Hospital's long-term liabilities is presented in the notes to basic financial statements. Total debt outstanding, excluding other long-term liabilities, represents approximately 26.2% of OGHS's total assets at June 30, 2005.

Contacting the Hospital's Financial Manager

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Hospital's finances and to demonstrate the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Hospital Administration.

Also, if needed, the separately issued financial statements of Hospital Service District #2 of St. Landry Parish, Louisiana can be obtained by contacting the Hospital Administration.

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Hospital Service District No. 2
and Board of Trustees
Opelousas General Hospital Authority
St. Landry Parish, Louisiana

We have audited the accompanying basic financial statements of Hospital Service District No. 2 of St. Landry Parish, Louisiana (the "District") and Opelousas General Hospital Authority (the "Hospital"), a component unit of the St. Landry Parish Police Jury, as of and for the years ended June 30, 2005 and 2004, as listed in the table of contents. These basic financial statements are the responsibility of the District's and Hospital's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Hospital Service District No. 2 of St. Landry Parish, Louisiana and Opelousas General Hospital Authority at June 30, 2005 and 2004, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

* A Professional Accounting Corporation.

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To the Board of Commissioners
Hospital Service District No. 2
and Board of Trustees
Opelousas General Hospital Authority
St. Landry Parish, Louisiana

The Management's Discussion and Analysis on pages i through xi is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purposes of forming opinions on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 2005, on our consideration of the District's and Hospital's internal control over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Broussard, Poche; Lewis : Breaux, L.L.P.

Opelousas, Louisiana
October 25, 2005

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

BALANCE SHEETS
June 30, 2005 and 2004
(In Thousands)

	2005	2004
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,508	$ 1,456
Investments	6,919	6,771
Patient accounts receivable, net of estimated uncollectibles of of $10,529 (2005) and $8,531 (2004)	11,085	12,867
Inventories	1,774	1,810
Prepaid expenses	1,093	948
Other receivables	1,930	2,336
Total current assets	$ 28,309	$ 26,188
OTHER ASSETS		
Held by trustee for debt service:		
Cash and cash equivalents	$ 902	$ 932
Investments	2,882	2,885
Accrued interest receivable	22	22
Held by trustee for construction:		
Cash and cash equivalents	29	79
Investments	4,744	18,139
Accrued interest receivable	60	142
Restricted for equipment purchase under lease:		
Cash and cash equivalents	323	-
Investments	2,885	-
Accrued interest receivable	30	-
Internally designated for capital acquisition:		
Cash and cash equivalents	2,078	157
Investments	14,171	10,207
Accrued interest receivable	138	89
Other long-term investments	3,395	8,157
Unamortized expense	405	467
Joint venture investments	857	9
Total other assets	$ 32,921	$ 41,285
CAPITAL ASSETS		
Non-depreciable capital assets	$ 22,976	$ 6,086
Depreciable capital assets, net of accumulated depreciation	28,850	29,640
Total capital assets, net of accumulated depreciation	$ 51,826	$ 35,726
Total assets	$ 113,056	$ 103,199

See Notes to Financial Statements

	2005	2004
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 3,955	$ 3,354
Current maturities of long-term debt	1,387	1,483
Current maturities of capital leases	606	-
Employee compensation payable	892	744
Other accrued expenses	2,047	1,662
Estimated third party payor settlements	2,025	966
Total current liabilities	$ 10,912	$ 8,209
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities	$ 25,273	$ 26,660
Long-term capital lease, net of current maturities	2,398	-
Other long-term liabilities	1,749	1,682
Total long-term liabilities	$ 29,420	$ 28,342
Total liabilities	$ 40,332	$ 36,551
NET ASSETS		
Invested in capital assets, net of related debt	$ 29,999	$ 25,942
Restricted:		
For debt service	3,806	3,839
For equipment purchases	234	-
Unrestricted	38,685	36,867
Total net assets	$ 72,724	$ 66,648
Total liabilities and net assets	$ 113,056	$ 103,199

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HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years ended June 30, 2005 and 2004
(In Thousands)

	2005	2004
Operating revenues:		
Net patient service revenues	$ 81,268	$ 73,439
Other operating revenues	1,801	1,526
Total operating revenues	$ 83,069	$ 74,965
Operating expenses:		
Routine services	$ 11,725	$ 11,489
Ancillary services	35,414	31,437
General services	5,938	5,402
Fiscal and administrative services	11,186	9,798
Depreciation	5,172	5,500
Provision for uncollectible accounts	8,343	6,793
Total operating expenses	$ 77,778	$ 70,419
Operating income	$ 5,291	$ 4,546
Non-operating revenues (expenses):		
Loss on disposal of capital assets	$ (27)	$ (22)
Non-capital grants and donations	191	36
Investment income	741	553
Interest expense	(437)	(496)
Other	13	7
Net income from joint ventures	304	402
Total non-operating revenue	$ 785	$ 480
Increase in net assets	$ 6,076	$ 5,026
Net assets beginning	66,648	61,622
Net assets ending	$ 72,724	$ 66,648

See Notes to Financial Statements

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2005 and 2004
(In Thousands)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of patients	$ 78,001	$ 64,063
Payments to suppliers and contractors	(30,809)	(24,663)
Payments to employees	(32,363)	(30,705)
Net cash provided by operating activities	$ 14,829	$ 8,695
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Non-capital donations	$ 204	$ 43
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for the purchase of capital assets	$ (20,462)	$ (6,310)
Proceeds from the sale of capital assets	51	8
Principal payments on long-term debt	(1,713)	(728)
Interest paid on long-term debt	(1,471)	(441)
Proceeds from capital lease obligations	3,202	-
Proceeds from issuance of debt	-	22,259
Increase in bond costs	-	(394)
Net cash provided (used) by capital and related financing activities	$ (20,393)	$ 14,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	$ 905	$ 334
Net investment in joint ventures	(545)	415
Purchase of investments	(37,009)	(44,375)
Maturities of investments	48,225	21,374
Net cash provided (used) by investing activities	$ 11,576	$ (22,252)
Net increase in cash and cash equivalents	$ 6,216	$ 880
Cash and cash equivalents at beginning of year	2,624	1,744
Cash and cash equivalents at end of year	$ 8,840	$ 2,624
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and cash equivalents in current assets	$ 5,508	$ 1,456
Restricted cash and cash equivalents		
Held by trustee for debt service	902	932
Held by trustee for construction	29	79
Restricted for equipment purchase under lease	323	-
Internally designated for capital acquisition	2,078	157
Total cash and cash equivalents	$ 8,840	$ 2,624

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL TRUST AUTHORITY

STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended June 30, 2005 and 2004
(In Thousands)

	2005	2004
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 5,291	$ 4,546
Adjustments to reconcile operating income to net cash flows provided by operating activities		
Depreciation	5,172	5,500
Provision for bad debts	8,343	6,793
(Increase) decrease in assets:		
Patient accounts receivable	(6,561)	(10,783)
Inventories	35	(180)
Prepaid expenses	(124)	215
Other receivable	409	462
Increase (decrease) in liabilities:		
Accounts payable	600	1,957
Accrued expenses	532	538
Estimated third-party settlements	1,058	(580)
Other liabilities related to operating activities	74	227
Net cash provided by operating activities	$ 14,829	$ 8,695

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 1. Organization and Significant Accounting Policies

Reporting Entity:

Hospital Service District No. 2 of St. Landry Parish (the "District) is a political subdivision of the St. Landry Parish Police Jury, created by an ordinance adopted in 1953 by virtue of the authority of Louisiana Revised Statutes (R.S.) 46:1051 et seq. The purpose of the Hospital Service District is to provide health services to St. Landry Parish. The Board of Commissioners are appointed by the St. Landry Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the St. Landry Parish Police Jury is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the St. Landry Parish Police Jury based on GASB Statement No. 14. The accompanying financial statements present only the Hospital Service District No. 2 and its component units. The components units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District.

Blended Component Unit: The Opelousas General Hospital Authority (the "Hospital") was created under the laws of the State of Louisiana pursuant to a Trust Indenture executed on April 6, 1971 for the benefit of the District and is a public instrumentality of the State of Louisiana. The stated purpose of the Hospital is to acquire hospital facilities by lease, purchase, and gift or otherwise and to plan, establish, develop, construct and administer hospital properties for the use and benefit of the residents of the District. The District's Board of Commissioners also serve on the Board of Trustees of the Hospital. In addition, the Hospital owns 100% of OGH Medical Services, Inc. and OGH Medical Offices, Inc. These two entities have also been blended with the District's basic financial statements.

On May 21, 2002, the Hospital, by a vote of its board, changed the name of its operating entity from "Opelousas General Hospital" to "Opelousas General Health System."

Basis of Accounting:

The accompanying basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* Statement 34 established standards for external financial reporting for all state and local governmental entities, which include a balance sheet; a statement of revenue and expenses and 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."

Note 1. Organization and Significant Accounting Policies (Continued)

Other Significant Accounting Policies

Enterprise fund accounting:

The District and Hospital use enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the District and Hospital have elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Use of estimates:

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

Cash and cash equivalents:

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

Trade receivables and allowance for uncollectible accounts:

Trade receivables are carried at the original billed amount less an estimate made for uncollectible accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written-off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Inventories:

Inventories are valued at the latest invoice price, which approximates the lower of cost (first-in, first-out method) or market.

Net patient service revenues:

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period, the related services are rendered and adjusted in future periods as final settlements are determined.

Income taxes:

The District and Hospital are political subdivision and exempt from taxes.

Note 1. Organization and Significant Accounting Policies (Continued)

Property, plant, and equipment:

The District and Hospital records all property, plant and equipment acquisitions at cost, except for assets donated to the District or Hospital. Donated assets are recorded at fair market value at the date of donation.

As indicated in Note 7, interest cost incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of acquiring those assets.

The District and Hospital provides for depreciation of its plant and equipment using the straight-line method over the estimated useful lives of each class of depreciable assets. Equipment under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. The following estimated useful lives are generally used:

Land improvements	2-25 years
Automobiles	3-10 years
Buildings	10-40 years
Equipment	3-25 years

Investments:

Investments in debt and equity securities are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating revenue when earned.

Investments include certificates of deposit, obligations of the U.S. Government Agencies and commercial paper issued by United States corporations with ratings of at least A-1 (Moody's) and P-1 (Standard and Poor's) and the Louisiana Hospital Investment Pool. It is the Authority's intention to hold investments to maturity.

Classification of revenues and expenses:

The District and Hospital's statement of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the District's principal activity. Non-exchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Grants and donations:

Revenues from grants and donations (including capital contributions of assets) are recognized when all eligibility requirements, including time requirements are met. Grants and donations may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expense.

Note 1. Organization and Significant Accounting Policies (Continued)

Restricted resources:

When the District and Hospital has both restricted and unrestricted resources available to finance a particular program, it is the policy to use restricted resources before unrestricted resources.

Compensated absences:

The Hospital's employees earn paid time off (PTO) hours at varying rates depending on years of service and employment status. Employees may accumulate PTO hours to a maximum of 480 hours, when this is reached further accumulation is ceased until PTO time is used, there is no cash option associated with this maximum bank. Bonus PTO is earned every 5th year beginning with the completion of the 10th year of full-time employment and this bonus amount will be pro-rated for part-time status. Employees with PTO hours remaining upon separation are paid in full.

The Hospital also offered employees extended illness benefits (EIB) which was the compensated absence policy in effect prior to July 1, 1998, this policy has now been superseded by the above-mentioned PTO policy. Employees that had balances in their EIB banks prior to July 1, 1998 had their hours frozen and upon retirement, age 55 or older with 10 years of full-time service, will be paid for these EIB hours at their base rate at the time of retirement with a limit of $10.

The estimated amounts of these compensated absences payable is reported as a long-term liability in both 2005 and 2004.

Environmental matters:

Due to the nature of the Hospital's operations, materials handled could lead to environmental concerns. However, at this time, management is not aware of any environmental matters, which need to be considered.

Advertising costs:

The Hospital expenses advertising costs as they are incurred. Total advertising costs expensed were $384 and $389 for 2005 and 2004, respectively.

Unamortized expense:

Unamortized expense consists of bond issue cost and is recorded as other assets on the balance sheet and is being amortized over the life of the related bond issue. The bond issue cost amortized is $41 and $95 in 2005 and 2004, respectively.

Risk management:

The District and Hospital are exposed to various risks of loss from tort; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health. Commercial insurance coverage is purchased for claims arising from such matters.

Reclassifications:

To be consistent with current year classifications, some items from the previous year have been reclassified with no effect on net assets.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 2. Net Patient Service Revenues

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare – Inpatient acute care services (and related capital costs) rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. Acute care service rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to Medicare beneficiaries are reimbursed either on a prospective determined rate or a fee schedule. The Hospital is reimbursed for cost reimbursable items and Medicare bad debts at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2002.

- Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, subject to certain limits, while other outpatient services are reimbursed on a fee schedule. The Hospital is reimbursed for outpatient services at an interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

The Hospital has also entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates.

During the years ended June 30, 2005 and 2004, approximately 68% and 71%, respectively, of the Hospital's gross patient service revenues were furnished to Medicare and Medicaid beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. As a result of retroactive adjustments of certain prior year cost reports, the Hospital recorded changes in estimates resulting in an increase in net patient service revenues of approximately $366 and $919 during the years ending June 30, 2005 and 2004, respectively.

Note 3. Designated Net Assets

Of the $38,685 and $36,867 of unrestricted net assets reported in 2005 and 2004, respectively, $16,386 and $10,452 have been designated by the Hospital's Board of Trustees for capital acquisitions and replacement. Designated funds remain under the control of the Board of Trustees, which may at its discretion later use the funds for other purposes.

Note 4. Deposits and Investments

The District investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in direct obligations of the United States Government and its agencies pledged by its full faith and credit, certificates of deposit and savings accounts which are secured by FDIC or pledge of securities, and government backed mutual or trust funds. At June 30, 2005 and 2004, all the District's deposits and investments were secured by Federal Deposit Insurance Corporation (FDIC) coverage.

(In Thousands)

Note 4. Deposits and Investments *(Continued)*

The Hospital (blended component unit) investing is performed in accordance with its investment policy. Funds may be invested in time deposits, money market investments accounts or certificates of deposits with financial institutions insured by the FDIC; direct obligations of the United States Government and its agencies; commercial paper issued by United States Corporations with a rating of A-1 (Moody's) and P-1 (Standard and Poor's) or higher; and the Louisiana Hospital Investment Pool. All of the securities have fixed maturities and it is the Hospital's intention to hold them until maturity. The Hospital, which is a public trust, is not required to comply with the collateralization requirements of the local depository law (per La. Atty. Gen. Op. No. 89-549).

The District and Hospital's investments generally are reported at fair value, as discussed in Note 1. At June 30, 2005 and 2004, the District and Hospital's investments consisted of the following, all of which were held in the District and Hospital's name by a custodial agent of the District and Hospital:

	2005	2004
Certificates of Deposit	$ 3,750	$ 863
U.S. Government Agency Securities	27,699	43,805
Commercial Paper	3,547	1,491
	$ 34,996	$ 46,159

The carrying amounts of deposits and investments included in the District and Hospital's balance sheets are as follows:

	2005	2004
Carrying amount:		
Deposits	$ 8,840	$ 2,624
Investments	34,996	46,159
	$ 43,836	$ 48,783
Included in the following balance sheet captions:		
Cash and cash equivalents	$ 5,508	$ 1,456
Short term investments	6,919	6,771
Held by trustee for debt service:		
Cash and cash equivalents	902	932
Investments	2,882	2,885
Held by trustee for construction:		
Cash and cash equivalents	29	79
Investments	4,744	18,139
Restricted for equipment purchase under lease:		
Cash and cash equivalents	323	-
Investments	2,885	-
Internally designated for capital acquisition:		
Cash and cash equivalents	2,078	157
Investments	14,171	10,207
Other long-term investments	3,395	8,157
	$ 43,836	$ 48,783

(In Thousands)

Note 4. Deposits and Investments (Continued)

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. As of June 30, 2005 and 2004, $8,025 and $2,293 of the Hospital's bank balances of $12,018 and $3,082, respectively was exposed to custodial risk. The Hospital's investment policy limits the maximum funds invested in any one financial institution my not exceed 33 1/3% of total funds available for investment, except for the Hospital's lead bank which shall not exceed the greater of $2 million or 50% of total invested funds.

Note 5. Accounts Receivable

Patient accounts receivable reported as current assets by the Hospital at June 30, 2005 and 2004 consisted of these amounts:

	2005	2004
Receivable from patients and their insurance carriers	$ 14,593	$ 12,359
Receivable from Medicare	4,000	5,259
Receivable from Medicaid	2,865	3,639
Other	156	141
Total patient accounts receivable	$ 21,614	$ 21,398
Less allowance for uncollectibles amounts	(10,529)	(8,531)
Patient accounts receivable, net	$ 11,085	$ 12,867

Note 6. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2005 and 2004, was as follows:

	2005	2004
Medicare	19 %	25 %
Medicaid	13 %	17 %
Other third-party payors	51 %	47 %
Patients	17 %	11 %
	100 %	100 %

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 7. Capital Assets

Capital asset additions, retirements, and balances for the years ended June 30, 2005 and 2004 were as follows:

	Balance 6/30/2004	Additions	Retirements	Balance 6/30/2005
Non-depreciable capital assets				
Land	$ 3,738	$ 144	$ -	$ 3,882
Construction in progress	2,348	17,100	(354)	19,094
Total non-depreciable capital assets	$ 6,086	$ 17,244	$ (354)	$ 22,976
Depreciable assets				
Land improvements	$ 1,445	$ 52	$ -	$ 1,497
Automobiles	107	24	(18)	113
Buildings	42,768	488	-	43,256
Equipment	43,449	3,923	(2,498)	44,874
Total depreciable capital assets	$ 87,769	$ 4,487	$ (2,516)	$ 89,740
Less accumulated depreciation for:				
Land improvements	$ (854)	$ (77)	$ -	$ (931)
Automobiles	(87)	(14)	18	(83)
Buildings	(23,820)	(1,593)	-	(25,413)
Equipment	(33,368)	(3,489)	2,394	(34,463)
Total accumulated depreciation	$ (58,129)	$ (5,173)	$ 2,412	$ (60,890)
Total depreciable capital assets, net	$ 29,640	$ (686)	$ (104)	$ 28,850

	Balance 6/30/2003	Additions	Retirements	Balance 6/30/2004
Non-depreciable capital assets				
Land	$ 3,342	$ 396	$ -	$ 3,738
Construction in progress	614	1,988	(254)	2,348
Total non-depreciable capital assets	$ 3,956	$ 2,384	$ (254)	$ 6,086
Depreciable assets				
Land improvements	$ 1,312	$ 133	$ -	$ 1,445
Automobiles	101	6	-	107
Buildings	41,981	937	(150)	42,768
Equipment	40,483	3,106	(140)	43,449
Total depreciable capital assets	$ 83,877	$ 4,182	$ (290)	$ 87,769
Less accumulated depreciation for:				
Land improvements	$ (799)	$ (55)	$ -	$ (854)
Automobiles	(76)	(11)	-	(87)
Buildings	(22,288)	(1,645)	113	(23,820)
Equipment	(29,704)	(3,788)	124	(33,368)
Total accumulated depreciation	$ (52,867)	$ (5,499)	$ 237	$ (58,129)
Total depreciable capital assets, net	$ 31,010	$ (1,317)	$ (53)	$ 29,640

(In Thousands)

Note 7. Capital Assets (Continued)

Depreciation expense for the years ended June 30, 2005 and 2004 amounted to $5,172 and $5,500 for 2005 and 2004, respectively.

The construction in progress represents the costs involved in relation to various renovations at the hospital. The amount of interest capitalized in construction in progress was $1,482 and $599 at June 30, 2005 and 2004, respectively.

Note 8. Long-Term Debt

A schedule of changes in the Hospital's non-current liabilities for 2005 and 2004 are as follows:

	Balance 6/30/2004	Additions	Reductions	Balance 6/30/2005	Amount due due within one year
Bonds payable:					
Revenue and refunding bond series - 1999	$ 5,955	$ -	$ (775)	$ 5,180	$ 650
Revenue bonds series - 2003	22,500	-	(740)	21,760	755
Unamortized bond discounts	(312)	-	32	(280)	(18)
Total bonds payable	$ 28,143	$ -	$ (1,483)	$ 26,660	$ 1,387
Capital lease payable:					
Cath lab lease	$ -	$ 3,202	$ (198)	$ 3,004	$ 606
Other long-term liabilities:					
Compensated absences	$ 1,682	$ 2,070	$ (2,003)	$ 1,749	$ -

	Balance 6/30/2003	Additions	Reductions	Balance 6/30/2004	Amount due due within one year
Bonds payable:					
Revenue and refunding bond series - 1999	$ 6,715	$ -	$ (760)	$ 5,955	$ 775
Revenue bonds series - 2003	-	22,500	-	22,500	740
Unamortized bond discounts	(103)	(241)	32	(312)	(32)
Total long-term liabilities	$ 6,612	$ 22,259	$ (728)	$ 28,143	$ 1,483
Other long-term liabilities:					
Compensated absences	$ 1,585	$ 1,787	$ (1,690)	$ 1,682	$ -

(In Thousands)

Note 8. *Long-Term Debt (Continued)*

The terms and due dates of the Hospital's long-term debt, including capital lease obligations, at June 30, 2005 and 2004 are as follows:

Revenue and refunding bond series - 1999

On December 22, 1999, the Hospital issued $10,000 of Hospital Revenue and Refunding Bonds collateralized by a first mortgage on the leasehold interest of the facilities and pledge of hospital revenues, due serially to 2015 with an interest rate of 5.85%. The purpose of these bonds is as follows:

Construction	$ 1,625
Advance refunding of 1995 issue	6,550
Equipment acquisition	1,825
Total	$10,000

The portion of the proceeds related to the advance refunding along with $1,672 of Hospital funds were deposited into an irrevocable trust with an escrow agent to defease the First Leasehold Mortgage Hospital Revenue Bonds Series 1995. As a result, the Series 1995 Bonds are considered defeased and the liability has been removed from the Hospital's books. This advance refunding was undertaken to reduce total debt service payments over the next sixteen years by $1,699 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $16. This gain is being amortized over the new debt's life.

Hospital revenue bonds – Series 2003

During 2004, the Hospital issued $22,500 of hospital revenue bonds for purposes of capital additions to the hospital facility. Bonds Series 2003, has an interest rate from 2.15% to 4.80%, collateralized by a first mortgage on the leasehold interest of the facilities and pledge of hospital revenues, due serially to 2023.

The disbursement of the bond proceeds consisted of the following:

Deposited into construction fund	$ 19,975
Deposited into debt service reserve fund	1,859
Deposited into cost of issuance fund	200
Total funds actually received	$ 22,034
Bond underwriter's fee	225
Bond discount	241
Total bond issue	$ 22,500

Under the terms of the revenue bonds, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included as restricted cash and investments in the balance sheet. The revenue bond indenture also places limits on the incurrence of additional borrowings and requires that the Hospital satisfy certain measures of financial performance as long as the bonds are outstanding.

Capital lease obligation

During 2005, the Hospital entered into a lease agreement with Hibernia for the purchase of equipment for the Cath lab. The total equipment cost associated with this lease will be $3,202. Monthly payments for this obligation are $58 with an interest rate of 3.2% and will be paid until February of 2010. The equipment for this lease has not been purchased as of June 30, 2005. The funds are shown in the balance sheet as restricted for equipment purchase under capital lease.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 8. Long-Term Debt (Continued)

Schedule principal and interest repayments on long-term debt and payments on capital lease obligations are as follows:

	Long-Term debt			Captial Lease Obligation	
Years Ending June 30,	Principal	Discount	Interest	Principal	Interest
2006	$ 1,405	$ (18)	$ 1,374	$ 606	$ 88
2007	1,395	(18)	1,312	626	68
2008	1,205	(18)	1,254	647	47
2009	1,260	(18)	1,195	668	26
2010	1,335	(18)	1,133	457	6
2011 - 2015	7,555	(89)	4,588	-	-
2016 - 2020	6,335	(60)	2,757	-	-
2021 - 2024	6,450	(41)	766	-	-
Total	$ 26,940	$ (280)	$ 14,379	$ 3,004	$ 235

Note 9. Employee Retirement Plan

The Hospital has a defined contribution pension plan, which covers substantially all full-time Hospital employees after they have met certain eligibility requirements. Employees are required to contribute an amount equal to the existing Social Security and Medicare rate. All funds contributed by the employee are fully vested. The Hospital contributes amounts ranging from 5 to 13 percent of the employees salary based on length of employment. The Hospital's contribution is fully vested to the participants after 7 years of continued employment. The Hospital's contribution to the plan for the year ended June 30, 2005 and 2004 was $1,592 and $1,465, respectively.

Note 10. Operating Leases

Hospital as lessee:

Infusion pumps

On March 31, 2003, the Hospital entered into an operating lease agreement with Baxter Healthcare Corporation for the lease of one hundred ninety-one (191) infusion pumps. The maximum term of the lease is sixty (60) months. The future minimum lease payments related to this lease are as follows:

2006	$ 181
2007	181
2008	135
Total	$ 497

Total rental expense paid for the years ended June 30, 2005 and 2004 was $158 and $139, respectively.

(In Thousands)

Note 10. Operating Leases (Continued)

Hospital as Lessor:

Health Club Facility

The Hospital entered into an agreement with Louisiana Physical Therapy, L.L.P. for the sale of virtually all of the equipment of the health club. In addition, they entered into an agreement with Louisiana Physical Therapy, L.L.P. (LPT) whereby LPT will lease the building and premises housing the health club for a monthly rental of $8. The initial term of the lease is for sixty (60) months beginning June 30, 2003. The agreement contains options for additional one-year terms. In addition, any additional renovations or improvements to the facility, which are funded by the Hospital, will be reimbursed by LPT on a monthly basis over the remaining term of the lease.

The future minimum lease receipts related to this lease are as follows:

2006	$ 100
2007	100
2008	100
Total	$ 300

In addition, the Hospital has various office facility leases with doctors for various rental amounts.

Note 11. Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The amount of charges excluded from revenue for services and supplies furnished under the Hospital's charity care policy were $676 and $41 in 2005 and 2004, respectively.

Note 12. Federal Grant – St. Landry Parish Rural Health Network

For the years ended June 30, 2005 and 2004, the Hospital received federal grant money from the United States Department of Health and Human Services under the Rural Health Outreach Program (Catalog of Federal Domestic Assistance No. 93.912). The purpose of the grant is to provide services to needy people in rural areas of St. Landry Parish. The grant was awarded to the Hospital on a temporary basis until the final grantor (St. Landry Parish Rural Health Network) can secure tax-exempt status under the Internal Revenue Code, which was obtained in May of 2005. The grant is a reimbursement type grant and the revenues included in the financial statements equal the expenses for the period. During 2005 and 2004, a total of $187 and $31 in grant revenue is included in non-operating revenues.

Note 13. Joint Ventures

The Hospital is a participant in a joint venture with Acadian Homecare, L.L.C. d/b/a St. Landry Home Care, in order to provide home health services to the patients of the Hospital service area. The Hospital has a 33% participation in the joint venture. The Hospital's equity interest in the joint venture was $9 at June 30, 2005 and 2004. The Hospital recognized revenue related to the joint venture in the amount of $322 and $402 in 2005 and 2004, respectively. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

(In Thousands)

Note 13. Joint Ventures (Continued)

The Hospital is also a participant in a joint venture with private investors in Sunset Healthcare Realty, L.L.C., in order to own and lease a building for an outpatient imaging center in Sunset, Louisiana to provide imaging services to the patients of the Hospital service area. The Hospital invested $382 for 51 units of the 100 units available in the joint venture. The joint venture will lease land from the Hospital where the building is constructed for approximately $27 per year. The building will be leased to OGH Imaging, L.L.C. which will operate the outpatient imaging center for approximately $182 per year. As of June 30, 2005, the Hospital paid $314 of construction cost on behalf of the joint venture which is included in other receivables on the balance sheet. The Hospital's equity interest in the joint venture was $380 at June 30, 2005. The Hospital recognized a loss related to the joint venture in the amount of $2 in 2005. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is also a participant in a joint venture with private investors in OGH Imaging, L.L.C., in order to operate an outpatient imaging center in Sunset, Louisiana to provide imaging services to the patients of the Hospital service area. The Hospital invested $484 for 51 units of the 100 units available in the joint venture. The joint venture will lease a building from Sunset Healthcare Realty, L.L.C. for approximately $182 per year. The Hospital's equity interest in the joint venture was $468 at June 30, 2005. The Hospital recognized a loss related to the joint venture in the amount of $16 in 2005. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

Note 14. Self Funded Insurance

Health Insurance

The Hospital provides health insurance coverage to its employees under a self-funded plan. The Hospital pays the health insurance claims as they are incurred by the employee. The Hospital records a liability for claims incurred but not reported or paid, which is included in other accrued expenses on the balance sheet. Stop-loss insurance is retained to limit the Hospital's liability to $75 of paid claims per individual on an annual basis. The Hospital purchases commercial insurance for claims in excess of the coverage provided by the Hospital. Settled claims have not exceeded this commercial coverage in either of the past two years.

Workers Compensation

The Hospital is also self-insured for workers' compensation. The Hospital pays worker's compensation claims as they are incurred. Estimates for claims payable, which includes both reported and unreported claims, are recorded in other accrued expenses, at which time claim expense is also recorded. Stop-loss insurance is retained to limit the Hospital's liability to $300 and $200 per claim for 2005 and 2004, respectively. The Hospital purchases commercial insurance for claims in excess of the coverage provided by the Hospital. Settled claims have not exceeded this commercial coverage in either of the past two years.

The claims liability at June 30, 2005 and 2004, is based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Organization's claims liability amount in fiscal years 2005 and 2004 were:

	Claims Liability July 1,	Claims and Changes in Estimates	Claim Payments	Claims Liability June 30,
2005	$ 679	$ 2,626	$ 2,641	$ 664
2004	$ 732	$ 2,325	$ 2,378	$ 679

Note 15. Professional and General Liability Risk

The District and Hospital participate in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide medical professional coverage to healthcare providers. The fund provides for $400 in coverage per occurrence above the first $100 for which the District and Hospital are at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to $100 per occurrence and limiting the Patient's Compensation Fund's exposure to $400 per occurrence.

The District and Hospital has acquired additional coverage for professional medical malpractice and general liability through the Louisiana Hospital Association Trust Fund by purchasing a claims-made policy. Losses on medical malpractice and general liability claims are estimated based on deductibles and claims in excess of per-claim or aggregate coverage and incurred but not reported during the claim year. These estimates reflect the District and Hospital's best estimates of the ultimate costs of reported and unreported claims, using the District and Hospital's past experience, industry experience and identified asserted claims and reported incidents. No provision for losses in excess of the deductible amount of the insurance policy has been recorded in the accompanying financial statements. Estimated provision for losses on medical malpractice and general liability claims recorded in other accrued expenses amounted to $1,041 and $650 at June 30, 2005 and 2004, respectively.

Note 16. Contingencies

The District and Hospital evaluates contingencies based upon the best available evidence. The District and Hospital believes that no additional allowances than the previously stated, for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the District and Hospital's estimates, future earnings will be charged or credited.

The principle contingencies are described below:

Third-Party Government Revenues (Note 2) – Cost reimbursements are subject to examination by agencies administering the programs. The District and Hospital are contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

The healthcare industry is subject to numerous laws and regulations of Federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District and Hospital are in compliance with fraud and abuse statutes as well as other applicable governmental laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Litigation and Other Matters - The District and Hospital are involved as defendant in several lawsuits in the ordinary course of business. In the opinion of management and legal counsel, insurance and provision for losses is sufficient to cover adverse legal determinations in those cases where a liability can be measured.

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SUPPLEMENTARY INFORMATION

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULES OF GROSS PATIENT SERVICE REVENUES
Years Ended June 30, 2005 and 2004
(In Thousands)

	Inpatient	
	2005	2004
Routine services:		
Medical and surgical	$ 9,940	$ 8,881
Intensive care unit	2,398	2,070
Nursery	560	591
Rehab unit	4,935	5,873
Total routine services	$ 17,833	$ 17,415
Ancillary services:		
Ambulance service	$ -	$ -
Anesthesiology	2,446	2,033
Cancer treatment center	49	83
Cardiac catheterization	11,599	6,884
Cardiopulmonary diagnostic lab and rehab	2,429	1,616
Central supply	2,804	2,439
Communication disorders	124	127
Contract dialysis	484	402
Crash cart	86	57
CT scan	3,587	2,594
Delivery room	1,099	1,034
Emergency room	1,121	831
Emergency room physician	-	1
Hyperbaric medicine	747	606
Inhalation therapy	10,895	9,602
Intravenous therapy	1,601	1,232
Laboratory	10,066	7,519
Lithotripsy	11	20
Medical imaging	2,141	1,562
Midwife services	163	177
MRI	901	560
Nuclear medicine	438	305
Outpatient clinic	1	9
Operating room	16,226	9,434
Pain management	-	-
Pharmacy	17,798	16,472
Physical therapy	1,859	1,641
Physician clinics	-	-
Pulmonary function	20	28
Recovery room	1,665	993
Sleep lab	147	113
Social service	70	80
Total ancillary services	$ 90,577	$ 68,454
Total gross patient service revenue	$ 108,410	$ 85,869

Outpatient		Totals	
2005	2004	2005	2004
$ 625	$ 723	$ 10,565	$ 9,604
71	17	2,469	2,087
-	-	560	591
4	4	4,939	5,877
$ 700	$ 744	$ 18,533	$ 18,159
$ -	$ 3	$ -	$ 3
2,882	2,522	5,328	4,555
2,153	2,016	2,202	2,099
9,234	10,711	20,833	17,595
1,983	1,589	4,412	3,205
957	939	3,761	3,378
391	307	515	434
123	120	607	522
24	17	110	74
8,275	6,563	11,862	9,157
148	161	1,247	1,195
4,527	3,904	5,648	4,735
-	1	-	2
2,758	1,934	3,505	2,540
2,022	1,949	12,917	11,551
450	379	2,051	1,611
11,245	8,826	21,311	16,345
168	166	179	186
6,005	5,231	8,146	6,793
89	90	252	267
5,312	4,147	6,213	4,707
1,122	1,073	1,560	1,378
158	310	159	319
10,721	8,433	26,947	17,867
-	6	-	6
7,947	7,717	25,745	24,189
137	715	1,996	2,356
3	5	3	5
273	239	293	267
1,223	1,031	2,888	2,024
2,118	1,922	2,265	2,035
3	5	73	85
$ 82,451	$ 73,031	$ 173,028	$ 141,485
$ 83,151	$ 73,775	$ 191,561	$ 159,644

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULES OF DEPARTMENTAL DIRECT OPERATING REVENUES AND EXPENSES
Years Ended June 30, 2005 and 2004
(In Thousands)

	Gross Revenues 2005	Gross Revenues 2004
Routine services:		
Medical and surgical	$ 10,565	$ 9,604
Intensive care unit	2,469	2,087
Nursery	560	591
Rehab unit	4,939	5,877
Total routine services	$ 18,533	$ 18,159
Ancillary services:		
Ambulance service	$ -	$ 3
Anesthesiology	5,328	4,555
Camp Azzie	-	-
Cancer treatment center	2,202	2,099
Cardiac catheterization	20,833	17,595
Cardiopulmonary diagnostic lab and rehab	4,412	3,205
Central supply	3,761	3,378
Communication disorders	515	434
Contract dialysis	607	522
Crash cart	110	74
CT scan	11,862	9,157
Delivery room	1,247	1,195
Emergency room	5,648	4,735
Emergency room physician	-	2
Hyperbaric medicine	3,505	2,540
Inhalation therapy	12,917	11,551
Intravenous therapy	2,051	1,611
Laboratory	21,311	16,345
Lithotripsy	179	186
Medical imaging	8,146	6,793
Midwife services	252	267
MRI	6,213	4,707
Nuclear medicine	1,560	1,378
Outpatient clinic	159	319
Operating room	26,947	17,867
Pain management	-	6
Pharmacy	25,745	24,189
Physical therapy	1,996	2,356
Physician clinics	3	5
Pulmonary function	293	267
Recovery room	2,888	2,024
Sleep lab	2,265	2,035
Social service	73	85
Total ancillary services	$ 173,028	$ 141,485
Revenue over direct operating expenses (forwarded)	$ 191,561	$ 159,644

Direct Operating Expenses		Revenue over (Under) Direct Operating Expenses	
2005	2004	2005	2004
$ 6,799	$ 6,852	$ 3,766	$ 2,752
2,177	1,634	292	453
478	459	82	132
2,271	2,544	2,668	3,333
$ 11,725	$ 11,489	$ 6,808	$ 6,670
$ 84	$ 48	$ (84)	$ (45)
1,660	1,724	3,668	2,831
31	16	(31)	(16)
569	729	1,633	1,370
3,513	3,167	17,320	14,428
341	356	4,071	2,849
875	809	2,886	2,569
183	197	332	237
339	341	268	181
16	15	94	59
290	493	11,572	8,664
1,599	1,411	(352)	(216)
1,532	1,291	4,116	3,444
495	495	(495)	(493)
956	777	2,549	1,763
1,104	1,074	11,813	10,477
6	7	2,045	1,604
3,216	3,020	18,095	13,325
58	72	121	114
2,163	1,800	5,983	4,993
251	262	1	5
177	369	6,036	4,338
255	369	1,305	1,009
41	97	118	222
7,945	4,811	19,002	13,056
-	-	-	6
5,185	5,000	20,560	19,189
550	694	1,446	1,662
648	708	(645)	(703)
280	220	13	47
510	468	2,378	1,556
453	484	1,812	1,551
89	113	(16)	(28)
$ 35,414	$ 31,437	$ 137,614	$ 110,048
$ 47,139	$ 42,926	$ 144,422	$ 116,718

(continued)

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULES OF DEPARTMENTAL DIRECT OPERATING REVENUES AND EXPENSES (CONTINUED)
Years Ended June 30, 2005 and 2004
(In Thousands)

	Revenue over (Under) Direct Operating Expenses	
	2005	2004
Revenues over direct operating expenses (forwarded)	$ 144,422	$ 116,718
Contractual allowances and discounts	(110,293)	(86,205)
Other operating revenues	1,801	1,526
	$ 35,930	$ 32,039
Operating expenses:		
General services	$ 5,938	$ 5,402
Fiscal and administrative services	11,186	9,798
Depreciation	5,172	5,500
Provision for uncollectible accounts	8,343	6,793
	$ 30,639	$ 27,493
Excess of hospital operating revenues over operating expenses	$ 5,291	$ 4,546

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULES OF NET PATIENT SERVICE REVENUES
Years Ended June 30, 2005 and 2004
(In Thousands)

	2005	2004
Gross patient service revenues	$ 191,561	$ 159,644
Less:		
Administrative allowances	$ 10	$ 59
Blue Cross discounts	9,664	7,219
Charity allowances	679	38
Contractual Adjustments - Medicare and Medicaid	83,512	67,856
Managed care allowances	16,428	11,033
Total contractual allowances and discounts	$ 110,293	$ 86,205
Net patient service revenues	$ 81,268	$ 73,439

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HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULES OF OTHER OPERATING REVENUES
Years Ended June 30, 2005 and 2004
(In Thousands)

	2005	2004
Other operating revenues:		
Cafeteria	$ 586	$ 461
Gift Shop	119	106
Miscellaneous	148	75
Outside housekeeping and laundry services	139	121
Rental income	721	674
Nutritional counseling	88	89
Total other operating revenues	$ 1,801	$ 1,526

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULES OF DEPARTMENTAL OPERATING EXPENSES
Years Ended June 30, 2005 and 2004
(In Thousands)

	Salaries		Physician Fees	
	2005	2004	2005	2004
Routine services:				
Medical and surgical	$ 5,362	$ 5,539	$ 8	$ 6
Intensive care unit	1,778	1,334	-	-
Nursery	369	359	-	-
Rehab unit	1,390	1,562	236	237
Total routine services	$ 8,899	$ 8,794	$ 244	$ 243
Ancillary services:				
Ambulance service	$ -	$ -	$ -	$ -
Anesthesiology	1,037	1,003	200	309
Camp Azzie	11	6	1	1
Cancer treatment center	281	383	72	36
Cardiac catheterization	372	386	197	113
Cardiopulmonary diagnostic	233	245	23	16
Central supply	255	253	-	-
Communication disorders	140	153	5	5
Contract dialysis	-	-	-	-
Crash cart	-	-	-	-
CT scan	-	129	-	-
Delivery room	1,239	1,115	-	-
Emergency room	1,179	1,028	-	-
Emergency room physician	-	-	495	495
Hyperbaric medicine	-	-	-	-
Inhalation therapy	753	707	59	57
Intravenous therapy	-	-	-	-
Laboratory	957	904	82	65
Lithotripsy	-	-	-	-
Medical imaging	1,368	1,073	11	-
Midwife services	150	152	36	37
MRI	3	88	-	-
Nuclear medicine	-	97	-	-
Outpatient clinic	28	71	-	-
Operating room	1,465	1,175	50	45
Pharmacy	749	689	-	-
Physical therapy	541	681	-	-
Physician clinics	-	-	648	704
Pulmonary function	198	149	3	4
Recovery room	364	341	-	-
Shots for tots	-	3	-	-
Sleep lab	294	319	50	53
Social services	74	94	-	-
Total ancillary services	$ 11,691	$ 11,244	$ 1,932	$ 1,940

Employee Benefits		Other expenses		Totals	
2005	2004	2005	2004	2005	2004
$ 1,034	$ 954	$ 395	$ 353	$ 6,799	$ 6,852
323	240	76	60	2,177	1,634
79	74	30	26	478	459
137	145	508	600	2,271	2,544
$ 1,573	$ 1,413	$ 1,009	$ 1,039	$ 11,725	$ 11,489
$ -	$ -	$ 84	$ 48	$ 84	$ 48
191	200	232	212	1,660	1,724
2	1	17	8	31	16
39	60	177	250	569	729
74	72	2,870	2,596	3,513	3,167
49	50	36	45	341	356
54	52	566	504	875	809
30	31	8	8	183	197
-	-	339	341	339	341
-	-	16	15	16	15
-	30	290	334	290	493
244	199	116	97	1,599	1,411
236	194	117	69	1,532	1,291
-	-	-	-	495	495
-	-	956	777	956	777
159	147	133	163	1,104	1,074
-	-	6	7	6	7
202	187	1,975	1,864	3,216	3,020
-	-	58	72	58	72
267	208	517	519	2,163	1,800
31	32	34	41	251	262
1	20	173	261	177	369
-	14	255	258	255	369
6	16	7	10	41	97
286	233	6,144	3,358	7,945	4,811
158	141	4,278	4,170	5,185	5,000
-	-	9	13	550	694
-	-	-	-	648	704
42	30	37	37	280	220
77	70	69	57	510	468
-	1	-	-	-	4
63	66	46	46	453	484
15	19	-	-	89	113
$ 2,226	$ 2,073	$ 19,565	$ 16,180	$ 35,414	$ 31,437

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULES OF DEPARTMENTAL OPERATING EXPENSES (CONTINUED)
Years Ended June 30, 2005 and 2004
(In Thousands)

	Salaries		*Physician Fees*	
	2005	2004	2005	2004
General services:				
Biomedical services	$ 249	$ 184	$ -	$ -
Dietary	619	589	-	-
Housekeeping	888	847	-	-
Laundry and linen	174	176	-	-
Performance improvement	149	103	-	-
Plant engineering	360	376	-	-
Security	217	171	-	-
Total general services	$ 2,656	$ 2,446	$ -	$ -
Fiscal and administrative services:				
Accounting	$ 142	$ 162	$ -	$ -
Administration	805	646	-	-
Admitting	485	398	-	-
Business office	376	363	-	-
Centralized scheduling	43	55	-	-
Communications	94	92	-	-
Controller	-	-	-	-
Decision support	123	105	-	-
Gift shop	28	26	-	-
Health information services	705	618	-	-
Human resources	140	157	-	-
Industrial medicine	146	131	-	-
Infection control	11	44	-	-
Information technology	643	616	-	-
Marketing	55	61	-	-
Medical and staff relations	139	124	-	-
Insurance	-	-	-	-
Public relations	71	70	-	-
St. Landry Rural Health Network	61	20	-	-
Taxes	-	-	-	-
Safety/grounds	66	68	-	-
Volunteer services	25	24	-	-
	-	-	-	-
Total fiscal and adminstrative services	$ 4,158	$ 3,780	$ -	$ -
Total departmental operating expenses	$ 27,404	$ 26,264	$ 2,176	$ 2,183

Employee Benefits		Other expenses		Totals	
2005	2004	2005	2004	2005	2004
$ 53	$ 38	$ 25	$ 20	$ 327	$ 242
129	116	649	530	1,397	1,235
188	173	192	166	1,268	1,186
37	36	170	188	381	400
31	19	4	7	184	129
76	79	1,722	1,575	2,158	2,030
8	8	(2)	1	223	180
$ 522	$ 469	$ 2,760	$ 2,487	$ 5,938	$ 5,402
$ 31	$ 35	$ 38	$ 43	$ 211	$ 240
195	119	1,371	1,113	2,371	1,878
102	80	28	27	615	505
79	74	770	556	1,225	993
9	12	2	2	54	69
20	19	214	211	328	322
-	-	-	(19)	-	(19)
26	20	66	67	215	192
6	5	79	76	113	107
145	121	221	190	1,071	929
30	33	200	159	370	349
18	15	137	81	301	227
2	11	3	5	16	60
115	111	652	570	1,410	1,297
11	13	459	446	525	520
29	25	236	219	404	368
-	-	1,448	1,400	1,448	1,400
15	14	-	1	86	85
1	1	124	5	186	26
-	-	41	36	41	36
14	14	26	24	106	106
6	5	29	27	60	56
-	-	30	52	30	52
$ 854	$ 727	$ 6,174	$ 5,291	$ 11,186	$ 9,798
$ 5,175	$ 4,682	$ 29,508	$ 24,997	$ 64,263	$ 58,126

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF DEPARTMENTAL STATISTICS
Years Ended June 30, 2005 and 2004

	2005	2004
Beds licensed:		
Acute care	159	159
Rehabilitation facility	21	21
Total	180	180
Percentage of occupancy for staff beds in service:		
Acute care	63.05%	55.71%
Rehabilitation facility	62.57%	75.77%
Percentage of gross patient service revenues:		
Medicare	51%	53%
Medicaid	18	18
All other	31	29
Total	100%	100%
Discharges:		
Acute care	7,579	6,802
Rehabilitation facility	332	404
Total	7,911	7,206
Patient days in care:		
Medical and surgical	27,880	25,551
Intensive care	2,729	2,334
Acute care subtotal	30,609	27,885
Nursery	1,728	1,648
Rehabilitation facility	4,796	5,824
Total	37,133	35,357

(Continued)

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF DEPARTMENTAL STATISTICS (CONTINUED)
Years Ended June 30, 2005 and 2004

	2005	2004
Surgeries:		
Inpatient	2,615	2,315
Outpatient	3,899	3,722
Total surgeries	6,514	6,037
Deliveries	811	789
Procedures:		
Laboratory	384,362	341,486
Radiology	42,968	39,356
CT scan	10,627	9,528
Nuclear medicine	1,406	1,280
MRI	3,829	3,363
Radiation therapy	3,828	4,479
Heart catheterization unit cases	1,582	1,647
Hyperbaric oxygen	2,389	1,941
Physical therapy	32,447	38,913
Emergency room visits	21,980	21,338
Outpatient registrations (including emergency room visits)	81,135	78,217

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
Years Ended June 30, 2005 and 2004

Opelousas General Hospital Authority

	2005	2004
Gary Blanchard	$ 3,596	$ 2,900
Gregory Bordelon	5,800	5,336
Alton Broussard	4,872	5,104
Louis Kerkhoff	3,480	2,552
Albert Simien	5,452	5,568
Stella Thomas	5,104	4,756
Gina Tuttle	4,640	2,900
Morris Weinstein	4,176	4,408
	$ 37,120	$ 33,524

The schedule of compensation paid to the Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature. In accordance with Louisiana Revised Statute 46:4053, the Trust Authority's board members receive $116 for each day of attendance at meetings of the board.

Hospital Service District No. 2 of St. Landry Parish

	2005	2004
Gregory Bordelon	$ 40	$ 40
Alton Broussard	40	40
Albert Simien	40	40
Morris Weinstein	40	40
	$ 160	$ 160

The schedule of compensation paid to the Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature. In accordance with Louisiana Revised Statute 46:4053, the Hospital Service District's board members receive $40 for each day of attendance at meetings of the board.

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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 Commissioners
Hospital Service District No. 2
and Board of Trustees
Opelousas General Hospital Authority
St. Landry Parish, Louisiana

We have audited the basic financial statements of Hospital Service District No. 2 of St. Landry Parish, Louisiana and Opelousas General Hospital Authority as of and for the years ended June 30, 2005 and 2004, and have issued our report thereon dated October 25, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hospital Service District No. 2 of St. Landry Parish, Louisiana and Opelousas General Hospital Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hospital Service District No. 2 of St. Landry Parish, Louisiana and Opelousas General Hospital Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance

* A Professional Accounting Corporation.

To the Board of Commissioners
Hospital Service District No. 2
and Board of Trustees
Opelousas General Hospital Authority
St. Landry Parish, Louisiana

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 or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we have reported to management of Hospital Service District No. 2 of St. Landry Parish, Louisiana and Opelousas General Hospital Authority in a separate letter dated October 25, 2005.

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

Broussard, Poche', Lewis & Breaux, L.L.P.

Opelousas, Louisiana
October 25, 2005

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005

We have audited the basic financial statements of Hospital Service District No. 2 of St. Landry Parish, Louisiana and Opelousas General Hospital Authority as of and for the year ended June 30, 2005, and have issued our report thereon dated October 25, 2005. 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. Our audit of the basic financial statements as of June 30, 2005, resulted in an unqualified opinion.

Section I. Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weaknesses ☐Yes ☒No Reportable Conditions ☐Yes ☒No

Compliance
Compliance Material to Financial Statements ☐Yes ☒No

Management Report ☒Yes ☐No

b. Federal Awards

The Hospital Service District does not have any federal awards.

Section II. Financial Statement Findings

The Hospital Service District does not have any financial statement findings.

Section III. Federal Award Finding and Questioned Costs

The Hospital Service District does not have any federal awards.

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA
AND OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2005

Section I. Internal Control and Compliance Material to the Financial Statements

The prior year's report did not include any financial statement findings.

Section II. Internal Control and Compliance Material to Federal Awards

The prior year's report did not include any federal awards.

Section III. Management Letter

2004-1 – Reporting of Compensation Paid to Board Members

During the course of our audit, it came to our attention that the compensation paid to board members is being reported to the Internal Revenue Service on Form 1099-Misc. The Internal Revenue Code requires that compensation paid to elected or appointed board members should be reported on Form W-2.

We recommend that the District and Authority begin to include the compensation paid to board members on Form W-2 in accordance with the Internal Revenue Code.

Current Status: RESOLVED – The District and Authority started reporting the compensation paid to board members on Form W-2 effective in 2005.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

Opelousas
GENERAL HEALTH SYSTEM

539 E. Prudhomme Street • P.O. Box 1389
Opelousas, Louisiana 70570
(337) 948-3011 • Fax (337) 948-5126

MANAGEMENTS CORRECTIVE ACTION PLAN

Year Ended June 30, 2005

Section I. Internal Control and Compliance Material to the Financial Statements (continued)

This years report does not include any internal control and compliance findings.

Section II: Internal Control and Compliance Material to Federal Awards

This year's report does not include any federal awards.

Section III: Management Letter

2005-1 – Joint Ventures Applicability with Laws Applicable to the Trust Authority

Finding: We noted during our audit that the Hospital Authority entered into two separate joint ventures in this fiscal year. The Hospital Authority, as a public trust, must comply with the requirements of La. R.S. 9:2341 - 2347 which include Public Contracts Law, Public Records Law, Public Meetings Law, Code of Ethics, and the Bond Validation Procedures Law. The question remains as to the applicability of La. R.S. 9:2341 – 2347 to these two separate joint ventures.

Recommendation: We recommend that the Hospital Authority get an Attorney General opinion as to the applicability of La R.S. 9:2341 – 2347 to the two separate joint ventures to ensure that the joint ventures are in compliance if required.

Response: Opelousas General Hospital Authority has contacted Nick Gachassin, III, from Gachassin Law Firm, concerning obtaining an Attorney General opinion as to the applicability of La R.S. 9:2341 – 2347 to the joint ventures to ensure compliance with all State Laws. As per James Barbuat's conversation with Nick Gachassin, III, on Tuesday, December 13, 2005, an Attorney General opinion is forthcoming.

Responsible party: James P. Barbuat, Chief Financial Officer

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT.

BROUSSARD, POCHE', LEWIS & BREAUX, LLP
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To the Board of Commissioners
and Management
Hospital Service District No. 2
and Board of Trustees
Opelousas General Hospital Authority
Opelousas, Louisiana

We have audited the basic financial statements of Hospital Service District No. 2 of St. Landry Parish, Louisiana and Opelousas General Hospital Authority as of and for the years ended June 30, 2005 and 2004, and have issued our report thereon dated October 25, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the basic financial statements, dated October 25, 2005, and our report on internal control and compliance with laws, regulations, and contracts, dated October 25, 2005.

During the course of our examination, we became aware of the following matter which represent suggestions for improved internal controls and compliance.

2005-1 – Joint Ventures Applicability with Laws Applicable to the Trust Authority

We noted during our audit that the Hospital Authority entered into two separate joint ventures in this fiscal year. The Hospital Authority, as a public trust, must comply with the requirements of La. R.S. 9:2341-2347 which include Public Contracts Law, Public Records Law, Public Meetings Law, Code of Ethics, and the Bond Validation Procedures Law. The question remains as to the applicability of La. R.S. 9:2341 – 2347 to these two separate joint ventures.

We recommend that the Hospital Authority get an Attorney General opinion as to the applicability of La R.S. 9:2341 – 2347 to the two separate joint ventures to ensure that the joint ventures are in compliance if required.

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain suggestions or help implement the recommendation.

Broussard, Poche', Lewis & Breaux, L.L.P.

Crowley, Louisiana
October 25, 2005

* A Professional Accounting Corporation.