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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 JUL 26 2000

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Ville Platte Medical Center, Inc.  
Evangeline Parish  
Ville Platte, Louisiana

We have audited the accompanying statement of financial position of the Ville Platte Medical Center, Inc., a component unit of Hospital Service District No. 1 of Evangeline Parish, as of December 31, 1999, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ville Platte Medical Center, Inc. as of December 31, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 11, 2000 on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Ville Platte Medical Center, Inc. Such information, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

As discussed in Note 11 to the financial statements, certain errors resulting in overstatement of net assets were discovered by management during the current year. Accordingly, net assets has been restated to correct the errors.

*Lester, Miller & Wells*

Certified Public Accountants

May 11, 2000

VILLE PLATTE MEDICAL CENTER, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 1999

	<u>1999</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 711,417
Short-term investments	800,000
Accounts receivable, net (Note 4)	3,625,791
Inventories	616,346
Prepaid expenses	<u>52,365</u>
Total current assets	<u>5,805,919</u>
Property, plant and equipment, net (Note 5)	8,590,039
Organization cost, net	<u>19,242</u>
Total assets	<u>\$14,415,200</u>
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities:	
Accounts payable	\$ 389,498
Accrued expenses	802,233
Estimated third-party payor settlements	163,693
Current maturities of long-term debt	<u>1,158,643</u>
Total current liabilities	<u>2,514,067</u>
Long-term debt, less current maturities (Note 6)	<u>8,205,633</u>
Total liabilities	10,719,700
Net assets:	
Unrestricted	<u>3,695,500</u>
Total liabilities and net assets	<u>\$14,415,200</u>

See accompanying notes to financial statements.

VILLE PLATTE MEDICAL CENTER, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 1999

	<u>1999</u>
Unrestricted revenues, gains and other support:	
Net patient service revenue	\$20,555,071
Donations	633,448
Grant income	5,096
Other operating revenue	<u>378,757</u>
Total unrestricted revenues, gains and other support	<u>21,572,372</u>
Expenses:	
Salaries	7,667,571
Benefits and payroll taxes	1,102,511
Contract services	2,752,172
Supplies and drugs	3,637,908
Other expenses	1,974,910
Insurance	341,637
Interest	1,006,257
Depreciation and amortization	917,387
Provision for bad debts	<u>923,231</u>
Total expenses	<u>20,323,584</u>
Operating income	<u>1,248,788</u>
Non-operating income:	
Interest income	<u>99,526</u>
Increase in unrestricted net assets	1,348,314
Net assets, beginning of year	2,904,228
Prior period adjustment (Note 11)	<u>(557,042)</u>
Net assets, end of year	<u>\$ 3,695,500</u>

See accompanying notes to financial statements.

VILLE PLATTE MEDICAL CENTER, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 1999

	<u>1999</u>
Cash flows from operating activities:	
Increase in unrestricted net assets	\$ 1,348,314
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation and amortization	917,387
Provision for bad debts	923,231
Donated property	(633,448)
Changes in operating assets and liabilities:	
(Increase)decrease in net accounts receivable	(2,643,332)
(Increase)decrease in inventories	(22,171)
(Increase)decrease in prepaid expenses	161,095
Increase(decrease) in accounts payable	12,326
Increase(decrease) in accrued expenses	77,550
Increase(decrease) in third party payor settlements	<u>(324,549)</u>
Net cash provided by (used in) operating activities	<u>(183,597)</u>
Cash flows from investing activities:	
Purchase of investments	(800,000)
Purchase of equipment	<u>(1,522,124)</u>
Net cash provided by (used in) investing activities	<u>(2,322,124)</u>
Cash flows from financing activities:	
Proceeds from long-term borrowing	963,000
Principal payments on long-term borrowing	(598,888)
Principal payments on capital lease obligations	<u>(202,615)</u>
Net cash provided by (used in) financing activities	<u>161,497</u>
Net increase in cash and cash equivalents	(2,344,224)
Cash and cash equivalents, beginning of year	<u>3,055,641</u>
Cash and cash equivalents, end of year	<u>\$ 711,417</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 1,006,257</u>

See accompanying notes to financial statements.

VILLE PLATTE MEDICAL CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

NOTE 1 - ORGANIZATION AND OPERATIONS

Organization

Ville Platte Medical Center, Inc. (the Hospital) was incorporated on June 1, 1995 as a not-for-profit corporation. On August 30, 1996, the Hospital entered into a lease agreement with the Hospital Service District No. 1 of Evangeline Parish to lease the real property together with the buildings, and improvements erected thereon and equipment (the hospital facility) for a period of twenty years. Due to the nature and significance of its relationship with the Hospital Service District No. 1 of Evangeline Parish, Ville Platte Medical Center, Inc. is considered to be a component unit of the Hospital Service District No. 1 of Evangeline Parish. On September 1, 1996, the Hospital began operations to provide or facilitate an adequate level of quality, affordable acute inpatient services and healthcare to all citizens of the City of Ville Platte and surrounding areas.

Nature of Business

The Hospital provides outpatient, skilled nursing (through "swing-beds"), acute inpatient and geriatric psychiatric inpatient hospital services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Hospital uses the accrual method of accounting. 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 third party reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related settlements are determined. Expenditures are recorded when incurred. Hospital accounting and reporting procedures also conform to the requirements of the AICPA Audits of Providers of Health Care Services, published by the American Institute of Certified Public Accountants.

Cash and Cash Equivalents

Cash represents coin, currency, bank demand deposits and other negotiable instruments that are readily acceptable in lieu of currency. Cash equivalents are time deposits and certificates of deposit purchased with a maturity of three months or less. Cash and cash equivalents do not include amounts classified as investments or assets whose use is limited.

Inventory

Inventories are stated at the lower of cost determined by the first-in, first-out method, or market basis.

VILLE PLATTE MEDICAL CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment

Property, plant and equipment is recorded at cost for purchased assets or, if received as a donation, at fair market value on the date of donation. The Hospital uses the straight-line method of calculating depreciation for all assets. The useful lives of property, plant and equipment for the purpose of computing depreciation are:

Land improvements	8 to 20 years
Buildings and improvements	10 to 40 years
Furniture and equipment	3 to 20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major renewals are capitalized.

Credit Risk

The Hospital grants credit to patients, substantially all of whom are local residents. As discussed in Note 4, substantial portions are insured by third-party payor agreements. The Hospital's estimate of collectibility is based on an analysis of aged accounts receivable to establish an allowance for uncollectible accounts.

Significant Concentration of Economic Dependence

The Hospital has an economic dependence on a small number of staff physicians. These physicians admit over 90% of the Hospital's patients.

Third Party Cost-Based Revenues

Contractual agreements with governmental agencies provide for reimbursement based on a fixed price per patient stay based upon the patient's primary diagnosis for Medicare inpatient acute services. Medicare inpatient psychiatric services are reimbursed based upon the reasonable cost of services to patients (subject to certain limits). Medicare and Medicaid outpatient services are reimbursed based upon the lesser of reasonable cost (subject to certain limits) or charges to patients. Medicaid inpatient acute services are reimbursed based upon a fixed price per stay. These reimbursements are subject to audit and retroactive adjustments by each payor.

Income Taxes

The Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Sec. 501(c)(3) of the Internal Revenue Code.

VILLE PLATTE MEDICAL CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 1999

NOTE 3 - DEPOSITS

The total cash held by the Hospital at December 31, 1999, includes \$1,311,002 in deposits at a financial institution that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institution is not of particular concern at this time.

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>1999</u>
Net patient accounts receivable	\$ 4,912,449
Other accounts receivable	<u>342</u>
	4,912,791
Estimated uncollectibles	<u>(1,287,000)</u>
Total	<u>\$ 3,625,791</u>

The Hospital receives a substantial portion of its revenues from the Medicare and Medicaid programs at discounted rates. The following is a summary of Medicare and Medicaid patient revenues.

	<u>1999</u>
Medicare and Medicaid gross patient charges	\$ 25,882,839
Contractual adjustments	<u>(13,042,945)</u>
Net patient service revenue	<u>\$ 12,839,894</u>
Percent of total gross patient revenues	<u>69%</u>
Percent of total net patient revenues	<u>62%</u>



VILLE PLATTE MEDICAL CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation:

	December 31, <u>1998</u>	<u>ASSET COST</u>		December 31, <u>1999</u>
		<u>Additions</u>	<u>Deductions</u>	
Land	\$ 94,861	\$ 647,186	\$ -0-	\$ 742,047
Land improvements	10,554	-0-	-0-	10,554
Buildings and improvements	599,830	519,724	-0-	1,119,554
Property, plant and equipment under capital lease obligations	5,934,228	-0-	-0-	5,934,228
Major moveable equipment	1,127,659	1,867,714	-0-	2,995,373
Construction in progress	<u>1,025,559</u>	<u>-0-</u>	<u>856,240</u>	<u>169,319</u>
Total	<u>\$ 8,792,691</u>	<u>\$ 3,034,624</u>	<u>\$ 856,240</u>	<u>\$ 10,971,075</u>

	December 31, <u>1998</u>	<u>ACCUMULATED DEPRECIATION</u>		December 31, <u>1999</u>
		<u>Additions</u>	<u>Deductions</u>	
Land improvements	\$ 1,752	\$ 1,039	\$ -0-	\$ 2,791
Buildings and improvements	12,784	34,083	-0-	46,867
Leased equipment	1,212,523	535,732	-0-	1,748,255
Major moveable equipment	<u>248,119</u>	<u>335,004</u>	<u>-0-</u>	<u>583,123</u>
Total	<u>\$ 1,475,178</u>	<u>\$ 905,858</u>	<u>\$ -0-</u>	<u>\$ 2,381,036</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of the note and capital lease obligations:

	<u>1999</u>
A note payable to First National Bank of Commerce for the purchase of accounts receivable, inventory, equipment and working capital was made on August 29, 1996, with a maturity date October 1, 2006. The note calls for 120 monthly payments of \$49,683, which includes principal and interest at 8.25% per annum. The note is secured by assignment of lease between Ville Platte Medical Center, Inc. and the Hospital Service District No. 1 of Evangeline Parish pertaining only to the occupancy rights of the Hospital and first lien on inventory and equipment.	\$ 2,154,702

VILLE PLATTE MEDICAL CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

NOTE 6 - LONG-TERM DEBT (Continued)

Capitalized lease payable to Hospital Service District No. 1 of Evangeline Parish for land, buildings and improvements and equipment totaling \$5,440,508, payable in monthly installments of \$63,000 to \$69,000 including interest at 4.5% to 5.6% through January, 2015.	\$ 5,154,752
Capitalized lease payable to General Electric company for a Nuclear Med Camera, payable in 84 monthly installments of \$2,651, including interest at 10.5% through July, 2002.	91,417
Capitalized lease payable to Hill Rom for hospital beds and cabinets payable in monthly installments of \$22,981, including interest at 8.5% through July 1, 2002.	257,652
A note payable to Evangeline Bank & Trust for the purchase of computer equipment was made on September 11, 1998, with a maturity date of September 20, 2003. The note calls for 60 monthly payments of \$19,500, which includes principal and interest at 6.99% per annum. The note is secured by the computer equipment with a book value of \$1,550,377 as of December 31, 1999.	768,486
A note payable to Hancock Bank of Louisiana for the purchase of the Wellness Center and equipment was made on May 4, 1999, with a maturity date of May 4, 2019. The note calls for 239 monthly payments of \$3,262, and a final payment of \$16,520 which includes principal and interest at 7.23% per annum. The note is secured by the building and equipment with a book value of \$394,728 as of December 31, 1999.	407,823
A note payable to Evangeline Bank & Trust for the purchase of a computer system was made on July 8, 1999, with a maturity date July 8, 2004. The note calls for 60 monthly payments of \$5,940, which includes principal and interest at 6.99% per annum. The note is secured by the computer equipment with a book value of \$1,550,377 as of December 31, 1999.	\$ 279,444

VILLE PLATTE MEDICAL CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 1999

NOTE 6 - LONG-TERM DEBT (Continued)

A note payable to Evangeline Bank & Trust for cash flow as made on October 6, 1999, with a maturity date of June 28, 2000. The note calls for 1 payment of \$272,457, which includes principal and interest at 7.27% per annum. The note is secured by a certificate of deposit.

\$ 250,000

Total note and capital lease obligations

9,364,276

Less current maturities of long-term debt and of capital lease obligations

1,158,643

Long-term debt

\$ 8,205,633

The following is a schedule of principal repayments on long-term debt and payments on capital lease obligations:

<u>December 31,</u>	<u>Long-Term Debt</u>	<u>Capital Lease Obligations</u>
2000	\$ 682,571	\$ 931,399
2001	738,290	929,482
2002	798,256	970,366
2003	804,278	829,908
2004	234,711	787,516
2005 and thereafter	<u>352,351</u>	<u>8,207,965</u>
	<u>\$ 3,610,457</u>	12,656,636
Less amount representing interest under capital lease obligations		<u>6,902,817</u>
Total		\$ <u>5,753,819</u>

The Hospital leases equipment under capital lease agreements expiring in various years. The assets and liabilities under capital leases are recorded at the fair value of the asset. The assets are depreciated over their estimated useful lives. Depreciation of assets under capital leases is included in depreciation expense.

VILLE PLATTE MEDICAL CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 1999

NOTE 6 - LONG-TERM DEBT (Continued)

The following is a summary of property held under capital leases:

	<u>1999</u>
Hill Rom Hospital Beds	\$ 343,294
GE Nuclear Med Camera	150,426
Property, plant and equipment leased from Evangeline Parish Hospital Service District	<u>5,440,508</u>
	5,934,228
Less: accumulated depreciation	<u>(1,748,255)</u>
Total	<u>\$ 4,185,973</u>

NOTE 7 - COMPENSATED ABSENCES

Employees of the Hospital are entitled to paid days off and sick days depending on length of service. The Hospital accrued \$352,586 at December 31, 1999. It is impracticable to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital's policy is to recognize the cost of unvested sick pay when actually paid to employees.

NOTE 8 - EMPLOYEE BENEFIT PLAN

The Hospital sponsors a 403(b) Profit Sharing Plan under Section 403(b) of the Internal Revenue Code. All employees who have completed one year of service are eligible to participate in the plan. The Hospital elected to match twenty-five cents for each dollar of employee deferral, with the Hospital's contribution not to exceed 6% of an employee's salary, subject to limitations imposed by the Internal Revenue Service. The Hospital's contribution to the plan totaled \$54,242 for the year ended December 31, 1999.

NOTE 9 - PROFESSIONAL LIABILITY RISK

The Hospital participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide medical professional liability coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the Hospital is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the PCF, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to \$100,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence. Additional coverage for professional medical malpractice liability was purchased from a commercial insurance company.

VILLE PLATTE MEDICAL CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1999

NOTE 10 - CONTINGENCIES

The Hospital evaluates contingencies based upon the best available evidence. The Hospital believes that no allowance for loss contingencies is considered necessary. To the extent that resolution of contingencies results in amounts which vary from the Hospital's estimates, future earnings will be charged or credited.

The principal contingencies are described below:

Governmental Third Party Reimbursement Programs (Note 2 and 4) - The Hospital is 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.

Further, in order to continue receiving reimbursement from the Medicare programs, the Hospital entered into an agreement with a government agent allowing the agent access to the Hospital's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determination. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the Hospital.

Professional Liability Risk (Note 9) - The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Hospital's insurance carrier.

The Hospital participates in a self-insured health plan administered by Benesys, Inc. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. The Hospital has acquired stop-loss insurance to cover individual claims exceeding \$20,000 and to cover claims in the aggregate exceeding \$733,280.

NOTE 11 - PRIOR PERIOD ADJUSTMENT

Retained earnings at the beginning of 1999 have been restated to correct errors in recording allowances for accounts receivable, amounts due to the Medicare program and inventory.

## SUPPLEMENTAL INFORMATION

VILLE PLATTE MEDICAL CENTER, INC.  
 SCHEDULE OF PATIENT SERVICE REVENUE  
 YEAR ENDED DECEMBER 31, 1999

	<u>1999</u>
Routine services:	
Adult and pediatric	\$ 2,393,068
Swing bed	335,064
Intensive care unit	878,760
Psychiatric	1,222,520
Nursery	<u>97,080</u>
Total routine services	<u>4,926,492</u>
Other professional services:	
Operating room	
Inpatient	1,447,533
Outpatient	<u>1,264,790</u>
Total	<u>2,712,323</u>
Delivery	
Inpatient	211,326
Outpatient	<u>63,418</u>
Total	<u>274,744</u>
Anesthesia	
Inpatient	134,881
Outpatient	<u>945,396</u>
Total	<u>1,080,277</u>
Radiology	
Inpatient	2,512,143
Outpatient	<u>4,476,435</u>
Total	<u>6,988,578</u>
Laboratory	
Inpatient	2,494,889
Outpatient	<u>1,614,233</u>
Total	<u>4,109,122</u>
Respiratory therapy	
Inpatient	2,188,327
Outpatient	<u>592,515</u>
Total	<u>\$ 2,780,842</u>

VILLE PLATTE MEDICAL CENTER, INC.  
 SCHEDULE OF PATIENT SERVICE REVENUE (Continued)  
 YEAR ENDED DECEMBER 31, 1999

	1999
Physical therapy	
Inpatient	\$ 650,739
Outpatient	<u>672,425</u>
Total	<u>1,323,164</u>
Occupational therapy	
Inpatient	89,002
Outpatient	<u>207,700</u>
Total	<u>296,702</u>
Speech therapy	
Inpatient	45,343
Outpatient	<u>60,559</u>
Total	<u>105,902</u>
Medical supplies	
Inpatient	2,185,624
Outpatient	<u>1,030,001</u>
Total	<u>3,215,625</u>
Pharmacy	
Inpatient	6,545,701
Outpatient	<u>1,500,620</u>
Total	<u>8,046,321</u>
Ambulatory surgery	
Inpatient	1,239
Outpatient	<u>66,171</u>
Total	<u>67,410</u>
Oncology	
Inpatient	19,148
Outpatient	<u>82,771</u>
Total	<u>101,919</u>
Emergency room	
Inpatient	156,812
Outpatient	<u>651,091</u>
Total	<u>\$ 807,903</u>



VILLE PLATTE MEDICAL CENTER, INC.  
 SCHEDULE OF PATIENT SERVICE REVENUE (Continued)  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>1999</u>
Observation room	
Inpatient	\$ 55,823
Outpatient	<u>220,840</u>
Total	<u>276,663</u>
Home health visits	<u>164,089</u>
Total other professional services	
Inpatient	18,738,530
Outpatient	13,448,965
Home health	<u>164,089</u>
Total other professional services	<u>32,351,584</u>
Gross patient service charges	<u>37,278,076</u>
Deductions from revenue:	
Contractual adjustments	16,646,927
Discounts	<u>76,078</u>
Total deductions from revenue	<u>16,723,005</u>
Net patient service revenue	<u>\$20,555,071</u>

VILLE PLATTE MEDICAL CENTER, INC.  
SCHEDULE OF OTHER OPERATING REVENUE  
YEAR ENDED DECEMBER 31, 1999

	<u>1999</u>
Cafeteria	\$ 65,231
Rental	82,831
Wellness Plus dues	190,123
Community Wellness	6,227
Commissions	7,251
Purchased discounts	2,298
Miscellaneous	<u>24,796</u>
 Total other operating revenue	 \$ <u>378,757</u>

VILLE PLATTE MEDICAL CENTER, INC.  
 SCHEDULE OF OPERATING EXPENSES - SALARIES AND BENEFITS  
 YEAR ENDED DECEMBER 31, 1999

	<u>1999</u>
	\$ 846,546
Administrative	110,064
Plant operations	168,616
Housekeeping	210,272
Dietary	367,880
Nursing administration	384,445
Medical records	1,404,743
Nursing services	561,886
Intensive care unit	341,538
PACES	106,873
Nursery	368,263
Surgery	275,626
Delivery	218,787
Anesthesiology	439,762
Radiology	367,678
Laboratory	255,890
Respiratory therapy	86,237
EKG and EEG	73,610
Purchasing	234,397
Pharmacy	72,283
Ambulatory surgery	57,963
Oncology	469,338
Emergency room	89,098
Home health	<u>155,776</u>
Wellness center	
	<u>7,667,571</u>
Total salaries	
	669,897
Payroll taxes	329,850
Health insurance	54,242
Pension	<u>48,522</u>
Other	
	<u>1,102,511</u>
Total benefits	
	<u>\$ 8,770,082</u>
Total salaries and benefits	

VILLE PLATTE MEDICAL CENTER, INC.  
SCHEDULE OF OPERATING EXPENSES - OTHER EXPENSES  
YEAR ENDED DECEMBER 31, 1999

	<u>1999</u>
Legal and accounting	\$ 55,261
Repairs and maintenance	421,692
Utilities	393,566
Travel	51,694
Rentals	289,509
Education	31,105
Advertising	32,083
Dues and subscriptions	24,335
Recruitment	291,719
Taxes	274,558
Freight and postage	56,729
Collection fees	24,401
Miscellaneous	<u>28,258</u>
Total other expenses	<u>\$ 1,974,910</u>

VILLE PLATTE MEDICAL CENTER, INC.  
 SCHEDULE OF PER DIEM AND OTHER COMPENSATION PAID TO BOARD MEMBERS  
 YEAR ENDED DECEMBER 31, 1999

Board Members:	-----TERM-----		1999
	BEGAN	ENDING	
Mr. Charles Buller	04/01/96	04/01/02	NONE
Mr. Leonard Fontenot	04/01/96	04/01/03	NONE
Ms. Diane Reed	04/01/96	04/01/03	NONE
Dr. Greg Ardoin	04/01/96	04/01/01	NONE
Mr. Bob Buroker	04/01/96	04/01/02	NONE
Dr. Thomas Fontenot	04/01/96	04/01/03	NONE
Dr. Charles P. LaHaye	04/01/96	01/01/00	NONE
Dr. Armand Coreil	04/01/96	04/01/01	NONE
Mr. Clement Lafleur	04/01/96	04/01/00	NONE
Mr. Matthews Thomas	04/01/96	04/01/01	NONE

Bobby G. Lester, CPA  
John S. Wells, CPA  
Robert G. Miller, CPA  
Paul A. Delaney, CPA

Paul G. Mathews, CPA  
Melanie I. Sarver, CPA

**LESTER, MILLER & WELLS**  
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Telephone (318) 487-1450

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**Members**

American Institute of CPA's  
Society of Louisiana CPA's

**Mailing Address:**

P.O. Box 8758  
Alexandria, LA 71306-1758

Report on Compliance and on Internal Control over  
Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

The Board of Directors  
Ville Platte Medical Center, Inc.  
Ville Platte, Louisiana

We have audited the component unit financial statements of Ville Platte Medical Center, Inc. as of and for the year ended December 31, 1999 and have issued our report thereon dated May 11, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 the Hospital'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 the Hospital'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 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.

Board of Directors  
Ville Platte Medical Center, Inc.  
Page Two

This report is intended solely for the information of the Board of Directors and management and is not intended to be and should not be used by anyone other than those specified parties.

*Lester, Miller & Wells*

Certified Public Accountants  
May 11, 2000