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FINANCIAL STATEMENTS

ABBEVILLE GENERAL HOSPITAL

DECEMBER 31, 1999

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DECEMBER 31, 1999

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INDEPENDENT AUDITOR'S REPORT

Chairman and Board of Commissioners
Abbeville General Hospital
Abbeville, Louisiana

We have audited the component unit financial statements of Abbeville General Hospital, a component unit of the Vermilion Parish Police Jury, State of Louisiana, as of December 31, 1999, and 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 *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, based on our audit, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Abbeville General Hospital, a component unit of the Vermilion Parish Police Jury, State of Louisiana, at December 31, 1999, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 8 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.

The financial information for the preceding year, which is included for comparative purposes only, was taken from the financial report for that year in which we expressed an unqualified opinion of the financial statements of Abbeville General Hospital.

Langlinais & Broussard

LANGLINAIS & BROUSSARD
Certified Public Accountants

May 4, 2000

ABBEVILLE GENERAL HOSPITAL

BALANCE SHEETS

	1999	1998
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 960,324	$ 282,589
Assets whose use is limited and that are required for current liabilities	2,183,523	2,224,129
Accounts receivable, less allowance for doubtful accounts of $1,107,205 in 1999 and $944,224 in 1998	3,803,037	3,651,841
Due from third party payors	167,900	381,500
Other receivables	287,611	80,757
Inventories	799,079	741,422
Prepaid expenses	128,207	153,854
Total Current Assets	8,329,681	7,516,092
ASSETS WHOSE USE IS LIMITED (NOTE 8):		
Employee benefit trust fund	94,125	271,103
By board for capital improvements	10,631,188	11,243,473
By parish ordinance for principal and interest	3,124,617	2,720,303
Total assets whose use is limited	13,849,930	14,234,879
Less: Assets whose use is limited and that are required for current liabilities	2,183,523	2,224,129
Noncurrent assets whose use is limited	11,666,407	12,010,750
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment, cost (Note 4)	31,591,835	30,239,594
Less: Accumulated depreciation	22,306,010	21,021,531
Property, Plant and Equipment, net	9,285,825	9,218,063
DEFERRED FINANCING COSTS, NET	354,659	153,893
TOTAL ASSETS	$ 29,636,572	$ 28,898,798

The accompanying notes are an integral part of these financial statements.

STATEMENT A

LIABILITIES AND FUND EQUITY

	DECEMBER 31, 1999	DECEMBER 31, 1998
CURRENT LIABILITIES:		
Current portion of long-term debt (Note 5)	$ 930,000	$ 840,000
Accounts receivable credit balances	91,691	73,787
Accounts payable	1,166,469	576,560
Due to third party payors	1,339,709	1,928,571
Accrued salaries and related withholdings	379,718	343,980
Interest payable	132,044	199,106
Accrued vacation and holiday expenses	430,666	401,454
Employee benefit trust fund	7,608	188,436
Total Current Liabilities	4,477,905	4,551,894
LONG-TERM LIABILITIES:		
Long-Term Debt: (Note 5)		
General obligation bonds 1991 series	1,895,000	2,450,000
Revenue bonds 1992 series	-	5,795,000
Refunding bond issue 1999	5,250,000	-
Total Long-Term Liabilities	7,145,000	8,245,000
TOTAL LIABILITIES	11,622,905	12,796,894
FUND EQUITY	18,013,667	16,101,904
TOTAL LIABILITIES AND FUND EQUITY	$ 29,636,572	$ 28,898,798

The accompanying notes are an integral part of these financial statements.

STATEMENT B

ABBEVILLE GENERAL HOSPITAL

STATEMENTS OF INCOME	YEAR ENDED DECEMBER 31,	
	1999	1998
OPERATING REVENUES:		
Net patient service revenues (Notes 2 and 3)	$ 22,863,465	$ 20,557,232
Advalorem taxes	1,000,093	1,045,795
Other operating revenue	595,061	315,545
TOTAL OPERATING REVENUE	24,458,619	21,918,572
OPERATING EXPENSES:		
Nursing services	6,324,014	6,273,030
Other professional services	8,045,389	7,030,360
General services	2,541,326	2,419,808
Fiscal services	1,083,538	951,006
Administrative services	2,426,937	2,451,330
Interest expense	437,222	605,710
Depreciation and amortization	1,415,710	1,289,880
Provision for doubtful accounts	883,422	719,484
TOTAL OPERATING EXPENSES	23,157,558	21,740,608
INCOME (LOSS) FROM OPERATIONS	1,301,061	177,964
NON-OPERATING REVENUES:		
Income of investments whose use is limited:		
By board for capital improvements	485,023	466,253
By parish ordinance for principal and interest	99,920	90,916
Interest income	18,553	13,846
Gain on sale of assets	7,206	-
TOTAL NON-OPERATING INCOME	610,702	571,015
NET PROFIT	$ 1,911,763	$ 748,979

The accompanying notes are an integral part of these financial statements.

STATEMENT C

ABBEVILLE GENERAL HOSPITAL

STATEMENTS OF CHANGES IN FUND EQUITY — YEAR ENDED DECEMBER 31, 1999

	CONTRIBUTED CAPITAL	BY BOARD	BY BOND INDENTURE FOR PRINCIPAL AND INTEREST	OPERATING FUND	TOTAL
BALANCE AT DECEMBER 31, 1997	$1,115,050	$10,157,336	$2,145,730	$1,934,809	$15,352,925
Additions (deductions)					
Distribution of net income (loss)					
Income (loss) from operations	-	15,138	1,068,815	(905,989)	177,964
Non-operating revenues	-	451,115	-	119,900	571,015
Payments on long-term debt	-	(285,000)	(490,000)	775,000	-
Transfer for principal and interest	-	(403,633)	(202,077)	605,710	-
BALANCE AT DECEMBER 31, 1998	1,115,050	9,934,956	2,522,468	2,529,430	16,101,904
Additions (deductions)					
Distribution of net income (loss)					
Income (loss) from operations	-	14,391	1,003,960	282,710	1,301,061
Non-operating revenues	-	470,628	-	140,074	610,702
Payments on long-term debt	-	(320,000)	(520,000)	840,000	-
Transfer for principal and interest	-	(202,227)	(170,283)	372,510	-
BALANCE AT DECEMBER 31, 1999	$1,115,050	$9,897,748	$2,836,145	$4,164,724	$18,013,667

The accompanying notes are an integral part of these financial statements.

STATEMENT D

ABBEVILLE GENERAL HOSPITAL

STATEMENTS OF CASH FLOWS - INDIRECT METHOD	YEAR ENDED DECEMBER 31,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES AND NON OPERATING REVENUES:		
Profit (Loss) from operations	$1,301,061	$ 177,964
Noncash expenses and revenues included in income:		
Depreciation	1,294,983	1,263,892
Amortization of bond issuance costs	120,727	25,988
Provision for doubtful accounts	883,422	719,484
Increase in receivables and amounts due from third parties	(1,598,830)	(800,530)
Increase in inventories and prepaid expenses	(32,010)	(57,642)
Increase in accounts payable and accrued expenses	587,797	13,518
Net Cash Flow From Operating Activities	2,557,150	1,342,674
Nonoperating revenue	610,702	571,015
Net Cash Flow From Operating Activities And Nonoperating Revenue	3,167,852	1,913,689
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(1,524,704)	(1,166,282)
Proceeds from sale of fixed assets	169,165	-
Gain on sale of fixed assets	(7,206)	-
(Increase) decrease in assets whose use is limited	204,121	(182,286)
Net Cash Used in Investing Activities	(1,158,624)	(1,348,568)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	5,589,345	-
Cash used in bond refinancing	(6,080,838)	-
Principal payments on long-term debt	(840,000)	(775,000)
Net Cash Used in Financing Activities	(1,331,493)	(775,000)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	677,735	(209,879)
CASH AND CASH EQUIVALENTS, JANUARY 1	282,589	492,468
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 960,324	$ 282,589

The accompanying notes are an integral part of these financial statements.

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Abbeville General Hospital (the Hospital) was created by the Vermilion Parish Police Jury to operate, control, and manage matters concerning the parish's health care functions. The Vermilion Parish Police Jury appoints the Board of Commissioners of the Hospital, and the Hospital may not issue debt without the Parish's approval. For this reason, the Hospital is considered to be a component unit of the Vermilion Parish Police Jury, State of Louisiana.

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.

Proprietary fund accounting. The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

Inventories. Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out) or market.

Property, Plant and Equipment. Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Costs of borrowing. Expenses related to issuance of bonds are deferred and amortized over the life of the bonds.

Cash and cash equivalents. Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Advalorem Taxes. The Hospital received approximately 4.1 percent in 1999 and 4.8 percent in 1998 of its financial support from ad valorem taxes. These funds were used as follows:

	1999	1998
Percentage used for debt service on general obligations bonds	4.1%	4.8%

Current taxes are received beginning in November of each year and become delinquent after January 31 of the following year.

Risk Management. The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Investments in debt and equity securities. Investments in debt and equity securities are carried at fair value except for investments in debt securities with maturities of less than one year at the time of purchase. These investments are reported at amortized cost, which approximates fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating income when earned.

Net patient service revenue. The Hospital has agreements with third-party payors that provide 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.

NOTE 2: MAJOR SOURCE OF REVENUE

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Hospital derived approximately 65.9% and 69.9% of its gross patient service revenue in 1999 and 1998, respectively, from patients covered by the Medicare and Medicaid programs. Included in net patient service revenues for 1999 and 1998 is additional reimbursement for Medicaid Disproportionate Share Adjustments of $1,462,861 and $245,479, respectively.

NOTE 3: NET PATIENT SERVICE REVENUE

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.

NOTE 3: NET PATIENT SERVICE REVENUE (cont)

Medicare Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items 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 classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 1997.

Medicaid Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, with certain limitations and exceptions. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports filed by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through December 31, 1994. Effective July 1, 1994, the Medicaid inpatient reimbursement methodology switched to a prospective payment based on a fixed rate per day for med/surg and psychiatric patients.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, and preferred provider organizations. The basis for payment to the Hospital under some of these agreements includes prospectively determined daily rates.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, by major category, is as follows at December 31, 1999 and 1998:

	Asset life in years	1999	1998
Land		$ 251,000	$ 231,000
Land improvements	10 - 20	240,222	232,447
Building	10 - 40	15,559,236	15,717,228
Fixed equipment	15 - 20	2,590,622	2,507,330
Major movable equipment	5 - 20	12,950,755	11,551,589
Total cost		31,591,835	30,239,594
Less accumulated depreciation		22,306,010	21,021,531
Net Property, Plant and Equipment		$ 9,285,825	$ 9,218,063

NOTE 5: LONG-TERM DEBT

Long-term debt at December 31, 1999 and 1998 consisted of the following:

	1999	1998
General obligation bonds, dated August 1, 1991, bearing an average interest rate of 6.533% maturing serially on May 1 of each year beginning in 1994, with interest payable on May 1 and November 1 of each year, with the final maturity of May 1, 2003	$ 2,450,000	$ 2,970,000
Hospital revenue bonds, dated February 1, 1992, bearing interest of 6.35% - 8.0%, maturing serially on February 1 of each year beginning in 1993, with interest payable February 1 and August 1 of each year beginning in 1992, with the final maturity on February 1, 2010.	-	6,115,000
Hospital refunding bonds, dated February 1, 1999, bearing interest of 4.50%, maturing serially on February 1 of each year beginning in 2000, with interest payable February 1 and August 1 of each year beginning in 1999, with the final maturity on February 1, 2010.	5,625,000	-
	8,075,000	9,085,000
Less current portion	930,000	840,000
Long-term portion	$ 7,145,000	$ 8,245,000

Under the terms of the Note Indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the financial statements.

Scheduled repayments on long-term debt are as follows:

	Principal	Interest	Total
2000	$ 930,000	$ 386,516	$ 1,316,516
2001	1,045,000	331,193	1,376,193
2002	1,105,000	270,608	1,375,608
2003	1,170,000	205,706	1,375,706
2004	525,000	86,805	611,805
Thereafter	3,300,000	426,150	3,726,150
Total	$8,075,000	$1,706,978	$ 9,781,978

NOTE 6: OPERATING LEASES

Total rental expense for 1999, and 1998, for all operating leases was $151,168 and $122,307, respectively.

NOTE 7: PENSION PLAN

The Hospital has established a non-contributory, defined contribution retirement plan funded through contributions to State Mutual Life Assurance Company of America. Any employee who on any entry date is within six (6) months of meeting the plan eligibility requirements will qualify. Plan eligibility is defined as three (3) years of service. Any employee, who is a member of a union and is covered by a collective bargaining agreement, under the terms which retirement benefits have been a subject of good faith bargaining, will not be eligible to participate in the plan. Any persons who are contract workers and/or physicians shall not be considered employees for plan purposes and, therefore, will not be eligible to participate in the plan. Any employee who was a participant in the plan prior to the amendment and restatement will continue to remain a participant in the restated plan. Total payroll of employees covered by the plan for the year ended December 31, 1999, and 1998, was $7,017,022 and $6,610,428, respectively; total payroll was $10,344,733 and $10,032,164 in 1999 and 1998, respectively.

The employer shall contribute for each plan year which the plan is in effect that amount which is actuarially determined to be necessary to fund the "assumed plan benefits" determined under the "individual premium funding method", assuming an interest rate of six (6) percent annually. Employer contributions are five (5) percent of covered payroll, and employees may contribute to the plan only with the consent of the employer. Pension cost amounted to $351,477 and $355,952 in 1999, and 1998, respectively.

NOTE 8: INVESTMENTS

Assets Limited as to Use

The composition of assets limited as to use at December 31, 1999 and 1998, is set forth in the following table. Investments are stated at fair value.

	1999	1998
Internally designated for capital acquisition:		
Cash	$ 785,709	$ 1,248,873
U.S. Treasury obligations	9,647,073	9,818,623
Interest receivable	198,406	175,977
	10,631,188	11,243,473
Held by trustee under indenture agreement:		
U.S. Treasury obligation	2,183,523	1,756,129
Interest receivable	8,735	6,462
Property tax receivable	932,359	957,712
	3,124,617	2,720,303
Employee benefit trust fund		
Cash	94,125	271,103
	$ 13,849,930	$ 14,234,879

Investment income and gains on assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ending December 31, 1999 and 1998:

	1999	1998
Income:		
Interest income	$ 603,874	$ 652,882
Unrealized gain (loss) on securities	3,994	(77,006)
	$ 607,868	$ 575,876

NOTE 9: CASH FLOWS SUPPLEMENTAL INFORMATION

Total interest paid by the Hospital was $481,706 and $619,614, for 1999 and 1998, respectively.

NOTE 10: BOND DEFEASANCE

On February 1, 1999, the Hospital issued $5,625,000 in Revenue Bonds (Refunding Bond Series 1999) with an interest rate of 4.5% to advance refund $5,795,000 of outstanding 1992 Revenue Bonds with an interest rate ranging between 5.9% - 8.0%. The net proceeds of $5,589,345, after payment of $35,655 in underwriting fees, insurance and other issuance cost plus an additional $468,000 of 1992 sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1992 Revenue Bonds which mature on or after February 1, 2003.

As a result, the 1992 Revenue Bonds maturing on or after February 1, 1999, are considered to be defeased and the liability for those bonds has been removed from long-term debt. Although the advance refunding resulted in the recognition of an accounting loss of $349,874, for the year ended December 31, 1999, the Hospital in effect reduced its aggregate debt service payments by almost $937,882 over the next 10 years and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of almost $742,998. The effective interest rate on the new issue is 3.9%.

NOTE 11: EMPLOYEE HOSPITALIZATION PLAN

The Hospital is currently enrolled in a self-insurance plan to provide health insurance to its employees. The Hospital makes monthly contributions to a trust fund to cover expected expenses to be incurred by its employees. These monthly contributions are computed by an outside administrator who assists in processing claims. Included within the monthly contributions is an amount for excess risk insurance. This excess risk insurance has a $45,000 deductible per employee, per year, which in effect, limits the Hospital's exposure to $45,000 per employee, per year. As of December 31, 1999, the Employee Benefit Fund assets were not sufficient to cover estimated liabilities. The Employee Benefit Fund carried a balance of $94,125 while liabilities were estimated to be $143,825. The Hospital's stop-loss policy will cover the shortage.

NOTE 12: 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 December 31, 1999 and 1998 are as follows:

	1999	1998
Medicare	24%	24%
Medicaid	10	10
Commercial and other third-party payors	49	48
All other	17	18
	100%	100%

NOTE 13: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and cash equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Investments: Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices for similar securities.

Assets limited as to use: These assets consist primarily of cash and short-term investments and interest receivable. The carrying amount reported in the balance sheet is fair value.

Accounts payable and accrued expenses: The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates its fair value.

Estimated third-party payor settlements: The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates its fair value.

Long-term debt: Fair values of the Hospital's revenue notes are based on current traded value. The fair value of the Hospital's remaining long-term debt is estimated using discounted cash flow analyses, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts and fair values of the Hospital's financial instruments at December 31, 1999 and 1998, are as follows:

	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 960,324	$ 960,324	$ 282,589	$ 282,589
Assets limited as to use	13,849,930	13,849,930	14,234,879	14,234,879
Accounts payable and accrued expenses	1,166,469	1,166,469	576,560	576,560
Estimated third-party payor settlements	1,339,709	1,339,709	1,928,571	1,928,528
Long-term debt	7,720,341	7,415,596	8,931,107	8,072,075

NOTE 14: BANK DEPOSITS AND INVESTMENTS

Statutes authorize the Hospital to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances. At December 31, 1999 and 1998, the Hospital had bank balances as follows:

	1999	1998
U.S. Treasury Obligations	$ 538,980	$ 527,249
Collateralized by securites held by the pledging financial institution's trust department in the Hospital's name	1,030 170	889,264
Total	$1,569,150	$1,416,513
Carrying Value	$ 886,506	$1,028,208

As discussed in Note 1, the Hospital's investments generally are carried at fair value. All securities are held in the Hospital's name by a custodial bank that is the agent of the Hospital. At December 31, 1999 and 1998, the Hospital's investments consisted of the following:

	1999	1998
U.S. Treasury Obligations	$9,477,205	$9,652,764

SCHEDULES OF PATIENT SERVICE REVENUES

	1999	1998
INPATIENT SERVICE REVENUES		
Daily Patient Services:		
Adults and pediatrics	$ 3,194,087	$ 2,978,645
Behavioral medicine	3,442,400	3,495,700
Partial psych unit	676,485	751,275
Intensive care	565,875	499,982
Newborn care	49,166	60,390
Swingbed	110,330	86,700
Ambulatory care	16,402	14,531
Observation	18,171	22,363
	8,072,916	7,909,586
Other Nursing Services:		
Operating room	1,422,222	1,378,442
Recovery room	142,552	134,497
Delivery room	186,593	219,747
Central supplies	1,488,126	1,445,181
Intravenous therapy	1,538,244	1,510,450
Emergency service	143,046	121,188
	4,920,783	4,809,505
Other Professional Services:		
Laboratory	1,732,236	1,739,099
Blood processing	109,664	387,262
Radiology	516,774	504,939
Scans	723,089	516,523
Ultrasounds	249,079	225,000
Pharmacy	4,074,818	3,650,546
Anesthesiology	683,584	490,581
Inhalation therapy	2,833,859	2,377,706
Physical therapy	125,285	122,670
Holter monitor	35,684	28,815
Radiology - therapeutic	193,553	96,859
Speech therapy	3,290	840
	11,280,915	9,940,840
TOTAL INPATIENT SERVICE REVENUE	24,274,614	22,659,931

	FOR THE YEARS ENDED DECEMBER 31,	
	1999	1998
OUTPATIENT SERVICES REVENUES		
Daily Patient Services:		
Ambulatory care	200,972	160,365
Observation	73,885	109,495
	274,857	269,860
Other Nursing Services		
Operating room	1,179,688	1,235,483
Recovery room	186,096	177,366
Central supplies	622,353	605,859
Intravenous therapy	274,922	254,588
Emergency service	703,322	615,352
	2,966,381	2,888,648
Other Professional Services:		
Clinic	352,522	271,925
Oncology	111,420	27,729
Laboratory	2,346,900	1,902,267
Blood processing	41,388	25,061
Electrocardiology	329,118	303,706
Electroencephalography	26,355	20,054
Radiology	1,229,830	1,223,180
Scans	1,196,841	900,370
Ultrasounds	565,453	505,078
Pharmacy	1,660,262	1,506,421
Anesthesiology	599,287	536,724
Inhalation therapy	248,732	193,563
Physical therapy	1,960	2,774
Holter monitor	58,484	34,646
Radiology-therapeutic	677,052	427,283
	9,445,604	7,878,779
TOTAL OUTPATIENT SERVICE REVENUE	12,686,842	11,037,287
GROSS PATIENT SERVICE REVENUE	36,961,456	33,697,218
Less Contractual Adjustments	15,560,852	13,385,465
Net Patient Service Revenue before Disproportionate Share	21,400,604	20,311,753
Medicaid Disproportionate Share	1,462,861	245,479
NET PATIENT SERVICE REVENUE	$ 22,863,465	$ 20,557,232

SCHEDULE 2

ABBEVILLE GENERAL HOSPITAL

SCHEDULE OF OTHER OPERATING REVENUES	YEAR ENDED DECEMBER 31, 1999	1998
Cafeteria sales	$ 226,497	$ 194,958
Interest income on borrowed funds held by trustee	8,239	27,881
Medical records	9,247	6,915
Vending	11,144	11,146
Nutrition consultation	1,716	1,933
Rehab support services	53,372	4,059
Other	31,881	28,485
Rehab lease	207,544	25,943
Rental	9,421	14,225
Scholarship reimbursement	38,000	-
Total	$ 595,061	$ 315,545

ABBEVILLE GENERAL HOSPITAL

SCHEDULE OF NURSING SERVICES	YEAR ENDED DECEMBER 31,	
	1999	1998
Salaries and Fees:		
Administrative office	$ 323,857	$ 362,362
Medical and surgical	2,616,303	2,602,858
Obstetrics	284,334	296,224
Newborn nursery	137,488	151,183
Operating room	498,793	512,265
Recovery room	204,513	123,774
Central services	39,424	33,622
Emergency room	1,029,990	978,371
Total Salaries and Fees	5,134,702	5,060,659
Supplies and Other Expenses:		
Administrative office	3,063	3,176
Medical and surgical	108,544	115,818
Obstetrics	15,234	18,009
Newborn nursery	5,113	8,015
Operating room	579,704	661,899
Recovery room	4,174	5,768
Central services	417,534	320,107
Emergency room	55,946	79,579
Total Supplies and Other Expenses	1,189,312	1,212,371
Total Nursing Services	$6,324,014	$6,273,030

ABBEVILLE GENERAL HOSPITAL

SCHEDULE OF OTHER PROFESSIONAL SERVICES	YEAR ENDED DECEMBER 31, 1999	1998
Salaries and Fees:		
Clinic	$ 180,805	$ 180,738
Oncology	170,858	326,551
Laboratory	488,580	465,460
Radiology	435,521	394,035
Scans	106,099	95,793
Ultrasound	33,389	43,178
Pharmacy	252,605	246,335
Anesthesiology	137,854	263,330
Inhalation therapy	431,889	370,017
Physical therapy	27,058	20,483
Medical records	270,887	257,338
Social service	58,798	46,678
Behavior unit	933,117	921,918
Partial unit	195,940	190,150
Infection control	21,295	-
Specialty clinic	16,338	19,731
Total Salaries and Fees	3,761,033	3,641,715
Supplies and Other Expenses:		
Clinic	41,306	36,341
Oncology	4,906	4,993
Laboratory	630,539	573,856
Blood processing	250,246	216,619
Holter Monitor	366	827
Radiology	561,370	452,709
Ultrasound	201,915	92,413
Scans	140,553	121,576
Pharmacy	1,473,256	1,278,096
Anesthesiology	536,201	120,535
Inhalation therapy	133,732	133,332
Physical therapy	51,021	50,455
Medical records	34,970	46,684
Social service	76	175
Behavior unit	197,009	202,520
Partial unit	44,332	52,447
Infection control	560	668
Specialty clinic	1,998	4,399
Total Supplies and Other Expenses	4,284,356	3,388,645
Total Other Professional Services	$8,045,389	$7,030,360

ABBEVILLE GENERAL HOSPITAL

SCHEDULE OF GENERAL SERVICES	YEAR ENDED DECEMBER 31, 1999	1998
Salaries and Fees:		
Dietary	$ 438,808	$ 373,958
Plant engineering	165,365	193,222
Housekeeping	304,701	239,314
Laundry and linen	18,320	16,209
Total Salaries and Fees	927,194	822,703
Supplies and Other Expenses:		
Dietary	436,519	417,471
Plant engineering	927,438	894,045
Housekeeping	99,910	107,010
Laundry and linen	150,265	178,579
Total Supplies and Other Expenses	1,614,132	1,597,105
Total General Services	$2,541,326	$2,419,808

ABBEVILLE GENERAL HOSPITAL

SCHEDULE OF FISCAL SERVICES	YEAR ENDED DECEMBER 31, 1999	1998
Salaries and Fees:		
Patient accounting	$ 165,188	$ 128,987
Admitting	94,989	87,086
Data processing	42,066	39,566
Communications	82,374	65,513
Receiving and stores	69,327	58,997
Personnel/public relations	105,662	101,420
Quality assurance	76,147	77,512
DRG coordination	82,232	74,077
Total Salaries and Fees	717,985	633,158
Supplies and Other Expenses:		
Patient accounting	17,138	16,809
Credit and collections	98,627	64,292
Admitting	25,016	25,564
Data processing	63,622	49,270
Communications	106,057	103,359
Receiving and stores	14,215	20,446
Personnel/public relations	17,418	20,300
Quality assurance	21,025	15,038
DRG coordination	2,435	2,770
Total Supplies and Other Expenses	365,553	317,848
Total Fiscal Services	$1,083,538	$ 951,006

ABBEVILLE GENERAL HOSPITAL

SCHEDULE OF ADMINISTRATIVE SERVICES	YEAR ENDED DECEMBER 31,	
	1999	1998
Salaries and Fees:		
Administrative office	$ 202,998	$ 196,552
General accounting	78,292	106,104
Governing board	11,700	11,550
Total Salaries and Fees	292,990	314,206
Supplies and Other Expenses:		
Administrative office	65,004	54,940
General accounting	37,230	31,853
Employee benefits	1,682,010	1,624,688
Insurance	284,914	323,406
Taxes	14,856	12,797
Other	45,420	61,386
Volunteer services	513	400
Physician's guarantee	4,000	27,654
Total Supplies and Other Expenses	2,133,947	2,137,124
Total Administrative Services	$2,426,937	$2,451,330

ABBEVILLE GENERAL HOSPITAL

SCHEDULE OF GOVERNING BOARD EXPENSES **YEAR ENDED DECEMBER 31,**

	1999		1998	
COMMISSIONERS	NUMBER OF MEETINGS ATTENDED	COMPENSATION	NUMBER OF MEETINGS ATTENDED	COMPENSATION
Donald Primeaux	34	$ 1,700	34	$ 1,700
Jewitt Hulin	35	1,650	29	1,550
Robert LeBlanc	36	1,800	36	1,800
James Segura, III	34	1,700	31	1,550
Josephine Levy	31	1,550	33	1,650
John Boudreaux	36	1,800	36	1,800
Brian Amy, M.D.	30	1,500	28	1,400
Ardley Hebert, M.D.	-	-	3	150
		$ 11,700		$ 11,600

REPORT ON INTERNAL CONTROL STRUCTURE & COMPLIANCE WITH LAWS AND REGULATIONS

Chairman and Board of Commissioners
Abbeville General Hospital
Abbeville, Louisiana

INTERNAL CONTROL STRUCTURE

We have audited the general-purpose financial statements of Abbeville General Hospital, a component unit of the Vermilion Parish Police Jury, State of Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated May 4, 2000.

We conducted our audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

The management of Abbeville General Hospital is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related cost of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation or policies and procedures may deteriorate.

In planning and performing our audit of the general-purpose financial statements of Abbeville General Hospital for the year ended December 31, 1999, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements do not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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 structure and its operations that we consider to be material weaknesses as defined above.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance with laws, regulations, contracts, and grants applicable to Abbeville General Hospital, is the responsibility of Abbeville General Hospital's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the Abbeville General Hospital's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on the overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

OTHER MATTERS

During our audit we also became aware of other matters that represent improvements in internal controls and operating efficiencies. The following summarizes our comments regarding this matter.

AGE OF MEDICAID PSYCHIATRIC RECEIVABLES:

Findings and Observations:

Accounts receivable for Medicaid Psychiatric Patients totaled $296,690 as of December 31, 1999, compared to $249,841 as of December 31, 1998. This is an increase of 20%. Based on final discharge dates, approximately 41% of the receivable balance is at least 6 months old.

Conclusions and Recommendations:

The results of our work did not indicate any specific causes for this, however, the processes utilized to obtain confirmation of coverage may need to be reviewed.

DISTRIBUTION OF ACCOUNTS PAYABLE CHECKS

Findings and Observations:

It was noted that the accounts payable clerk receives and then mails checks to vendors after they have been signed. The person responsible for preparing the accounts payable checks should not have control over those checks once they have been signed. This would reduce the possibility of the accounts payable clerk altering checks after they have been signed.

Conclusions and Recommendations:

We have been informed by management that someone other than the accounts payable clerk is now handling the mailing of the checks. We have not tested this control.

This report is intended for the information of the Abbeville General Hospital, Louisiana, and Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

We acknowledge with appreciation the courtesies extended our representatives during the audit.

Sincerely,

LANGLINAIS & BROUSSARD
Certified Public Accountants
May 4, 2000

Abbeville General Hospital

118 N. Hospital Drive
P. O. Box 580
Abbeville, Louisiana 70511-0580

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May 18, 2000

Daniel G. Kyle, Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

RE: 12-31-99 Audit Management Letter

Dear Mr. Kyle:

In regard to the above, please review the detailed action plans management has taken to provide improvement in the following areas:

1. **Age of Medicaid Psychiatric Receivables**

   The Utilization Review Committee will continue to monitor data regarding Medicaid Psychiatric patient days (See related graphs). The hospital has been in contact with the State regarding the financing of patient care related to judicially committed patients awaiting State placement (See letter dated March 1, 2000). In addition, the hospital is in the process of converting the unit to a geriatric psychiatric unit (Medicare Unit).

2. **Distribution of Accounts Payable Checks**

   As indicated in the report, management has addressed this by assigning the activity to the payroll clerk.

Sincerely,

Ray Landry

Ray Landry
Chief Executive Officer

RL/sl

Enclosures

Abbeville General Hospital

118 N. Hospital Drive
P. O. Box 580
Abbeville, Louisiana 70511-0580

March 1, 2000

The Honorable Fred Hoyt
State Senator
Vermilion Parish Courthouse Bldg.
100 N. State Street, Suite 150
Abbeville, Louisiana 70510

Dear Senator Hoyt:

This correspondence is to request your assistance in a matter of great concern to our hospital.

One of the focal points of our 1998 financial audit was an increase of approximately 108% in accounts receivable for Medicaid psychiatric patients when compared to 1997. At completion of the audit, the Medical Director of Psychiatric Services and the Utilization Review Team were directed to conduct a complete process analysis to determine the root cause of non-covered Medicaid days and to develop an action plan to reduce those days. We are under obligation to report both the audit report and the subsequent findings relating to coverage of Medicaid psychiatric days to the Louisiana Legislative Auditor.

Review of the total non-covered psychiatric Medicaid days for 1998 revealed that 72% of those days resulted from judicial commitment situations, i.e., were days involving patients awaiting placement in a state psychiatric hospital. Further review of those non-covered days in 1999 revealed 67% were attributable to this same situation, judicial commitment. Enclosed with this letter is an illustration of the magnitude of this portion of non-covered Medicaid days for both years. Thus we come to the intent of my correspondence to you, two issues we are faced with which impact greatly our financial picture.

The first issue is availability of state facility beds for patients mandated for placement in such a facility. We have in some cases waited in excess of 30 days following the signing of the judgment for a state bed to become available. The state system is apparently unable to accommodate the bulk of patients for placement due to inadequate beds. Two causes stated to us of this inadequacy are first, the increasingly high forensic census in state facilities and second, directives from the state to keep censuses down in state facilities. Whatever the cause of the inadequacy, this obviously negatively affects our length of stay since these patients cannot simply be discharged from our facility back into the community. Which brings me to the second issue, reimbursement for these excessive lengths of stay.

In every case of judicial commitment of a Medicaid patient, we have been left with non-covered ("non-paid") continued stay days. The reason for this, as stated to us by a representative of Unisys, the pre-certification body for Medicaid, is that at the time of the signing of the judgment, the state becomes the custodian of the patient and the patient is no longer eligible for Medicaid. What this means to us, in simple language, is we are compelled to hold and care for a patient until that patient can be placed in a state facility with no payment for the care and services provided to that patient, be it for one week or one month. Our contention is, were the patient placed in a state facility at the time of commitment that state facility would be reimbursed for that patient's care. Since we are providing this care in lieu of the state facility, why are we not considered for reimbursement, at minimum, at a lesser rate?

In conclusion, I would respectfully request that you, in your legislative capacity, consider these issues and the impact they have on Abbeville General Hospital, and to the extent you feel capable, assist us in alleviating the burden placed on us by this situation.

Thank you for your attention.

Sincerely,

Ray Landry

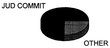
Ray Landry
Chief Executive Officer

RL/sl

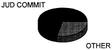
Enclosures: Financial Audit
Letter to Legislative Auditor

cc: Medical Executive Committee

NONCOVERED DAYS, MEDICAID, PSYCHIATRIC 1998 & 1999



289 DAYS
1999



323 DAYS
1998