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FINANCIAL STATEMENTS

ANNUAL GENERAL REPORT

DECEMBER 31, 1965

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FINANCIAL STATEMENTS
NEWVILL GENERAL HOSPITAL
DECEMBER 31, 1977
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LANGUVAIS

&

BROUSSARD

A Corporation of Certified Public Accountants

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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, 1997, 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. These 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, 1997, 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 4 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 on the financial statements of Abbeville General Hospital.


Glenn H. Langlois
Certified Public Accountant

April 14, 1998

METTING GENERAL HOSPITAL

BALANCE SHEET

ASSETS	<u>1997</u>	<u>1998</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 842,007	\$ 8,818,381
Assets whose use is limited and that are required for current liabilities (NOTE 3)	1,908,508	1,488,788
Accounts receivable, less allowance for doubtful accounts of \$288,818 in 1997 and \$312,492 in 1998	3,978,387	3,993,968
Due from third party payors	127,480	187,890
Other receivables	72,581	38,321
Investments	682,284	887,974
Prepaid expenses	178,240	312,008
TOTAL CURRENT ASSETS	<u>7,457,244</u>	<u>16,837,422</u>
ASSETS WHOSE USE IS LIMITED (NOTE 3):		
Employee benefit trust fund	913,418	874,148
By bond for capital improvements	10,812,872	10,812,872
By parish ordinance for principal and interest	3,286,719	1,221,072
TOTAL ASSETS WHOSE USE IS LIMITED	<u>14,992,999</u>	<u>12,908,092</u>
Less: Assets whose use is limited and that are required for current liabilities	<u>3,286,719</u>	<u>1,488,788</u>
NONCURRENT ASSETS WHOSE USE IS LIMITED	<u>11,706,280</u>	<u>11,419,304</u>
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment, cost (NOTE 4)	28,871,212	28,222,752
Less accumulated depreciation	<u>18,387,432</u>	<u>18,387,402</u>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>10,483,780</u>	<u>9,835,350</u>
DEFERRED FINANCING COSTS, NET	<u>179,861</u>	<u>702,842</u>
TOTAL ASSETS	<u>\$ 28,819,134</u>	<u>\$ 28,218,422</u>

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

STATEMENT A

DECEMBER 31,

	1987	1986
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt (Note 3)	\$ 738,800	\$ 738,800
Accounts receivable credit balances	81,341	83,800
Accounts payable	826,241	497,784
Due to third party payees	1,885,243	3,771,334
Accrued salaries and related withholdings	309,008	340,714
Interest payable	213,088	320,879
Accrued vacation and holiday expenses	263,847	338,144
Employee benefit trust fund	214,011	222,692
Total Current Liabilities	<u>4,439,539</u>	<u>6,234,345</u>
LONG-TERM LIABILITIES:		
Debt obligations under capital leases (Note 3)	-	3,300
Long-Term Debt: (Note 3)		
General obligation bonds 1981 series	3,978,000	3,448,000
Revenue bonds 1992 series	2,118,000	4,408,000
Total Long-Term Liabilities	<u>6,096,000</u>	<u>7,859,300</u>
TOTAL LIABILITIES	10,535,539	14,093,645
FUND EQUITY	<u>10,510,268</u>	<u>10,227,317</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 21,045,807</u>	<u>\$ 24,320,962</u>

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

ARREVILLE GENERAL HOSPITAL

STATEMENT 2

STATEMENTS OF INCOME	YEAR ENDED DECEMBER 31,	
	1977	1976
NET PATIENT SERVICE REVENUE (GROUP 2 AND 3)	\$ 18,721,844	\$ 18,321,816
OTHER OPERATING REVENUE	221,122	221,023
TOTAL OPERATING REVENUE	18,942,966	18,542,839
OPERATING EXPENSES:		
Nursing services	8,088,881	8,422,888
Other professional services	4,457,088	5,748,880
General services	3,875,453	3,388,827
Pharmaceutical services	882,880	952,880
Administrative services	2,278,877	2,283,348
Interest expense	457,880	388,318
Depreciation and amortization	1,388,113	1,888,128
Provision for doubtful accounts	814,888	878,763
TOTAL OPERATING EXPENSES	25,382,311	28,827,872
INCOME (LOSS) FROM OPERATIONS	1857,227	1614,967
NON-OPERATING REVENUES:		
Income of investments whose sale is limited:		
By bond for capital improvements	947,883	948,888
By parish ordinance for principal and interest	78,123	64,368
Interest income	41,814	30,768
Admission taxes	251,888	222,888
TOTAL NON-OPERATING INCOME	1,319,818	1,266,912
NET PROFIT	\$ 1,537,712	\$ 1,331,142

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

AMERICAN GENERAL HOLDINGSSTATEMENT OF CHANGES IN FUND EQUITY

YEAR ENDED DECEMBER 31, 1967

	COMBINED CAPITAL	ST. BOND ISSUANCE	ST BOND ISSUANCE FOR GENERAL AND LIABILITY	OPERATING LOSS	TOTAL
BALANCE AT DECEMBER 31, 1965	\$1,113,000	\$10,000,000	\$1,000,000	\$110,000	\$12,123,000
ADDITIONS (DEDUCTIONS)					
Retirement of net income (loss)	-	19,000	20,000	(40,000)	19,000
Income (loss) from operations	-	519,000	600,000	100,000	1,239,000
Non-repeating revenues	-	-	(200,000)	100,000	(100,000)
Payments on long-term debt	-	(120,000)	(200,000)	600,000	(320,000)
Transfer for principal and interest	-	(400,000)	(100,000)	100,000	(400,000)
BALANCE AT DECEMBER 31, 1966	3,113,000	10,079,000	3,400,000	1,080,000	17,672,000
ADDITIONS (DEDUCTIONS)					
Retirement of net income (loss)	-	10,000	20,000	(40,000)	10,000
Income (loss) from operations	-	610,000	600,000	100,000	1,310,000
Non-repeating revenues	-	-	(200,000)	100,000	(100,000)
Payments on long-term debt	-	(200,000)	(400,000)	100,000	(500,000)
Transfer for principal and interest	-	(400,000)	(200,000)	300,000	(300,000)
BALANCE AT DECEMBER 31, 1967	\$1,113,000	\$10,519,000	\$1,140,000	\$1,080,000	\$13,852,000

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

ABBEVILLE GENERAL HOSPITAL

STATEMENT 2

STATEMENTS OF CASH FLOWS - INDIRECT METHOD	YEAR ENDED DECEMBER 31,	
	<u>1957</u>	<u>1956</u>
CASH FLOW FROM OPERATING ACTIVITIES AND NON-OPERATING REVENUES:		
Profit (Loss) from operations	\$ 1807,318	\$ 1428,420
Adjustments and revenues included in income:		
Depreciation	1,018,144	1,288,175
Amortization of bond insurance costs	25,388	25,388
Provision for doubtful accounts	814,489	874,785
Increase in receivables and accounts due from third parties	1,484,681	1,948,780
Decrease (increase) in inventories and prepaid expenses	128,884	288,156
Increase in accounts payable and accrued expenses	<u>181,261</u>	<u>28,388</u>
Net Cash Flow From Operating Activities	(12,271)	288,314
Nonoperating revenue	<u>1,818,822</u>	<u>1,882,877</u>
Net Cash Flow From Operating Activities And Nonoperating Revenue	<u>1,806,551</u>	<u>2,171,195</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(888,891)	(121,384)
Increase in assets whose use is limited	<u>12,328,860</u>	<u>1485,861</u>
Net Cash Used in Investing Activities	<u>11,440,000</u>	<u>1164,477</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Principal payments on capital leases	-	182,313
Principal payments on long-term debt	(778,880)	880,804
Proceeds from payment of notes payable	<u>-</u>	<u>181,821</u>
Net Cash Used in Financing Activities	<u>(778,880)</u>	<u>180,312</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,087,671	387,712
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>1,818,821</u>	<u>1,878,248</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 2,906,492</u>	<u>\$ 2,265,960</u>

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

MONROE GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1987

NOTE 1. CORRELATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Monroe General Hospital (the Hospital) operates under the jurisdiction of the Board of Commissioners of Vermilion Parish, Louisiana (Parish) as Vermilion Parish Hospital Service District No. 1, and is exempt from Federal and state income taxes. The Hospital reports in accordance with the "Hospital Audit Guide" and other publications of the American Institute of Certified Public Accountants and general industry practice. The significant accounting policies used by the Hospital in preparing and presenting the financial statements are summarized as follows:

- A. **Assets Whose Use is Limited.** Assets whose use is limited include: assets set aside by the Board of Commissioners for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets required by ordinances of the Parish to be used for principal and interest payments; and assets held to meet self insurance liabilities.
- B. **Patient Service Revenues.** Patient service revenues is recorded at the Hospital's established rates with contractual adjustments, charity allowances and courtesy discounts deducted to arrive at net patient service revenues.
- C. **Inventories.** Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out) or market.
- D. **Property, Plant and Equipment.** Property, plant and equipment are stated at cost. Donated equipment is recorded at fair market value at date of donation which is then treated as cost.

Depreciation on property, plant and equipment is calculated on the straight-line method over the estimated useful lives of the assets.
- E. **Bond Issuance Costs.** Expenses related to issuance of bonds are deferred and amortized over the period the bonds will remain outstanding.
- F. **Investment Income.** Investment income on investment funds held by a trustee is reported as operating income. Investment income from all other sources is reported as nonoperating income.
- G. **Advances Taxes.** Advances tax revenue is reported on the accrued basis, use is limited to pay principal and interest on the public improvement and general obligation bonds.
- H. **Cash Equivalents.** The hospital considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

KNOXVILLE GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1987

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 70.74 and 73.15 of its gross patient service revenue in 1987 and 1986, respectively, from patients covered by the Medicare and Medicaid programs. Included in net patient service revenues for 1987 and 1986 is additional reimbursement for Medicaid Disproportionate Share Adjustments of \$281,700 and \$281,713, respectively. The Medicare Disproportionate Share amount for 1987 is \$28,451 and for 1986 is \$24,126.

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.

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 convalescent 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 most reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audit 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, 1986.

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 audit thereof by the Medicaid Fiscal Intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid Fiscal Intermediary through December 31, 1986. Effective July 1, 1984, the Medicaid inpatient reimbursement methodology switched to a prospective payment based on a fixed rate per day for medical 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.

MEMPHIS GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997

NOTE 4: PROPERTIES, PLANT AND EQUIPMENT

Property, plant and equipment, by major category, is as follows at December 31, 1997 and 1996:

	Asset Life in years	1997	1996
Land		\$ 231,000	\$ 231,000
Land improvements	20 - 25	257,148	324,898
Building	20 - 40	15,697,000	15,473,048
Fixed equipment	05 - 20	3,418,481	3,321,879
Major movable equipment	0 - 20	<u>10,408,431</u>	<u>10,800,000</u>
Total Cost		20,012,160	20,650,825
Less accumulated depreciation		<u>18,782,430</u>	<u>18,517,423</u>
Net Property, Plant, and Equipment		<u>\$ 1,229,730</u>	<u>\$ 2,133,402</u>

NOTE 5: LONG-TERM DEBT

Long-term debt at December 31, 1997 and 1996 consisted of the following:

	1997	1996
General obligation bonds, dated August 1, 1981, bearing an Average Interest Rate of 8.533%, 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 on May 1, 2003	<u>\$ 2,450,000</u>	<u>\$ 1,938,000</u>
Hospital revenue bonds, dated February 1, 1983, bearing interest of 8.5% + 0.25, maturing serially on February 1 of each year beginning in 1993, with interest payable February 1 and August 1 of each year beginning in 1993, with the final maturity on February 1, 2018	<u>4,450,000</u> 2,400,000	<u>4,450,000</u> 18,370,000
Less current portion	<u>321,000</u>	<u>320,000</u>
Long-term portion	<u>\$ 2,129,000</u>	<u>\$ 1,618,000</u>

The aggregate amount of sinking fund requirements for the five-year ending December 31, 2001, are as follows:

	Principal	Interest	Total
1999	\$ 175,000	\$ 612,424	\$ 787,424
2000	400,000	383,274	783,274
2001	810,000	303,183	1,113,183
2002	880,000	438,254	1,318,254
2003	<u>1,425,000</u>	<u>165,297</u>	<u>1,590,297</u>
Total	<u>\$ 4,690,000</u>	<u>\$1,902,372</u>	<u>\$ 6,592,372</u>

AMERITIME GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1991

NOTE 6: OPERATING LEASES

Total rental expense for 1987, and 1988, for all operating leases was \$142,128 and \$184,876, 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, 1987, and 1988, was \$6,181,894 and \$6,881,848, respectively, total payroll was \$8,619,748 and \$8,878,104 in 1987 and 1988, 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. Premium cost amounted to \$187,787 and \$275,815 in 1987, and 1988, respectively.

MEMPHIS GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997

NOTE 8: ASSETS WHOSE USE IS LIMITED

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. The composition of assets whose use is limited at December 31, 1997, and 1996, is set forth below.

	<u>1997</u>	<u>1996</u>
Self insurance liability	\$ <u>331,410</u>	\$ <u>319,365</u>
By board for capital improvements:		
Cash and certificates of deposit	\$ 18,889,774	\$ 18,819,778
Interest receivable	<u> 888</u>	<u> 888</u>
	\$ <u>18,890,662</u>	\$ <u>18,820,666</u>
By parish ordinance for principal and interest:		
Cash and certificates of deposit	\$ 1,432,818	\$ 1,000,788
Interest receivable	6,898	4,318
Property taxes receivable	<u>843,123</u>	<u>837,808</u>
	\$ <u>2,282,839</u>	\$ <u>1,842,914</u>

NOTE 9: OTHER MATTERS

On May 4, 1996, the citizens of Hospital Service District #1, Parish of Vermilion, State of Louisiana, gave Memphis General Hospital the authority to issue up to \$7,100,000 in bonds with a maximum interest rate of 8 percent. The proceeds from this issue are designated to refinance the hospital's 1993 revenue bonds. On February 1, 1997, the hospital issued \$7,100,000 of general obligation bonds with interest ranging from 6.5 percent to 8 percent.

NOTE 10: CASH FLOW SUPPLEMENTAL INFORMATION

Total interest paid by the Hospital was \$276,314 and \$718,944, for 1997 and 1996, respectively.

MEMPHIS GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1992

NOTE 11. RETARDATORY

On February 1, 1992, the Hospital issued \$7,500,000 in Revenue Bonds (Refunding Bonds Series 1992) with an interest rate ranging between 8.50% - 9.00% in advance refund \$1,075,000 of outstanding 1983 Revenue Bonds with an average interest rate ranging between 9.25% - 11.00%. The net proceeds of \$7,403,528 (including a premium of \$28,143, after payment of \$92,628 in underwriting fees, insurance and other issuance cost) plus an additional \$96,781 of 1983 Revenue Bond sinking fund monies were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1992 Revenue Bonds which will mature on or after July 1, 1993.

As a result, the 1983 Revenue Bonds maturing on or after July 1, 1991, are considered to be defeased and the liability for these bonds has been removed from long-term debt. Although the advance refunding resulted in the recognition of an accounting loss of \$281,700 for the year ended December 31, 1992, the hospital in effect reduced its aggregate debt service payments by almost \$5,883,848 over the next 18 years and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of almost \$5,090,464. The effective interest rate on the new issue is 8.43%.

NOTE 12. 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 expense to \$45,000 per employee per year. As of December 31, 1992, the Employee Benefit Fund assets were sufficient to cover estimated liabilities. The Employee Benefit Fund carried a balance of \$212,450 while liabilities were estimated to be \$181,629.

ASSOCIATE GENERAL HOSPITAL

SCHEDULE OF PATIENT SERVICE REVENUE

	1987	1988
INPATIENT SERVICE REVENUE		
Daily Patient Services:		
Adult and pediatric	\$ 3,088,380	\$ 3,830,737
Behavioral medicine	3,088,450*	3,440,000
Partial psych unit	400,445	481,000
Intensive care	400,331	481,000
Bedside care	88,888*	84,348
Swingbed	71,148	80,700
Observatory care	18,975	19,838
Observation	20,147	28,836
	<u>7,817,974</u>	<u>9,226,369</u>
Other Nursing Services:		
Operating room	1,433,204*	1,433,875
Recovery room	335,832*	338,488
Delivery room	128,350*	208,378
Central supplies	3,188,888	1,703,429
Intensive therapy	1,745,130	1,774,838
Emergency services	<u>128,280*</u>	<u>100,815</u>
	<u>8,018,684</u>	<u>8,259,823</u>
Other Professional Services:		
Laboratory	1,897,488*	2,000,517
Blood processing	218,485*	148,888
Radiology	481,347*	490,863
Home	481,883*	483,877
Chiropractic	284,873*	378,343
Pharmacy	3,288,878*	3,188,388
Anesthesiology	478,888*	588,888
Inhalation therapy	3,577,824*	3,182,312
Physical therapy	148,888*	178,187
Relax monitor	32,373*	32,888
radiology - therapeutic	188,782*	88,424
Speech therapy	<u>1,480*</u>	<u>888</u>
	<u>11,862,188</u>	<u>11,714,973</u>
TOTAL INPATIENT SERVICE REVENUE	<u>19,814,122</u>	<u>20,481,272</u>

SCHEDULE 1

	FOR THE YEARS ENDED DECEMBER 31,	
	1977	1976
OUTPATIENT SERVICE REVENUES		
Daily Patient Services:		
Ambulatory care	125,500	94,240
Observation	81,750	78,820
	<u>207,250</u>	<u>173,060</u>
Other Nursing Services:		
Operating room	670,200	662,810
Recovery room	552,400	122,470
Central supplies	544,320	480,800
Intravenous therapy	223,370	184,880
Emergency service	507,710	520,870
	<u>2,498,000</u>	<u>2,174,810</u>
Other Professional Services:		
Clinic	89,810	-
Oncology	14,000	-
Laboratory	1,894,170	1,487,810
Blood processing	28,380	10,440
Electrocardiology	244,010	170,400
Electroencephalography	15,780	21,120
Radiology	1,127,400	1,082,800
X-rays	814,120	782,200
Ultrasonics	523,000	520,700
Pharmacy	1,843,700	181,600
Anesthesiology	477,200	420,880
Inhalation therapy	179,300	181,800
Physiotherapy	8,100	1,170
Walker monitor	10,900	20,170
Radiology-therapeutic	388,300	385,200
	<u>8,748,100</u>	<u>8,813,880</u>
TOTAL OUTPATIENT SERVICE REVENUES	<u>3,345,150</u>	<u>3,810,140</u>
GENUINE PATIENT SERVICE REVENUES	31,065,400	30,307,300
Less Contractual Adjustments	<u>12,545,025</u>	<u>11,516,160</u>
NET PATIENT SERVICE REVENUES BEFORE DISPROPORTIONATE SHARE	18,520,375	18,791,140
Medical Disproportionate Share	<u>224,700</u>	<u>240,720</u>
NET PATIENT SERVICE REVENUES	<u>\$ 18,745,675</u>	<u>\$ 19,031,860</u>

ARREVILLE GENERAL HOSPITAL

SCHEDULE OF OTHER OPERATING REVENUES	YEAR ENDED DECEMBER 31,	
	1997	1996
Outpatient sales	\$ 134,910	\$ 171,577
Interest income on borrowed funds held by trustee	20,140	21,800
Medical records	0,000	7,500
Warding	11,200	10,500
SUPPLIES CONTRIBUTION	3,600	1,400
Other	27,000	78,844
Rental	1,270	8,000
Total	\$ 202,120	\$ 302,621

MORRISVILLE GENERAL HOSPITAL

SCHEDULE OF NURSING SERVICES

YEAR ENDED DECEMBER 31,

	1957	1956
Salaries and Fees		
Administrative office	\$ 344,815	\$ 327,877
Medical and surgical	2,460,880	2,322,817
Obstetrics	383,874	361,593
Postborn nursery	180,488	177,250
Operating room	480,648	490,788
Recovery room	221,764	224,278
Central services	50,000	38,448
Emergency room	818,758	827,000
Total Salaries and Fees	<u>4,850,717</u>	<u>4,509,953</u>
Supplies and Other Expenses:		
Administrative office	2,982	7,454
Medical and surgical	129,054	129,170
Obstetrics	28,854	28,824
Postborn nursery	4,384	5,683
Operating room	445,000	452,682
Recovery room	2,000	4,682
Central services	188,482	154,550
Emergency room	28,682	29,788
Total Supplies and Other Expenses	<u>1,230,108</u>	<u>1,217,323</u>
Total Nursing Services	<u>\$ 6,080,825</u>	<u>\$ 5,727,276</u>

MEMPHIS GENERAL HOSPITAL

SCHEDULE OF OTHER PROFESSIONAL SERVICES	FISCAL YEAR ENDED DECEMBER 31,	
	1997	1998
Salaries and Fees:		
Clinic	\$ 133,728	\$ -
Oncology	84,465	-
Laboratory	448,821	438,938
Radiology	297,828	288,008
Scans	78,654	43,463
Ultrasonod	38,437	37,308
Pharmacy	228,893	188,838
Anesthesiology	243,438	275,398
Inhalation therapy	378,832	243,337
Physical therapy	12,388	34,388
Medical records	183,427	173,863
Social service	21,741	18,783
Behavior unit	828,837	803,481
Partial unit	148,248	138,888
Specialty clinic	17,828	18,728
Total Salaries and Fees	<u>3,271,847</u>	<u>3,828,128</u>
Supplies and Other Expenses:		
Clinic	38,178	-
Oncology	1,888	-
Laboratory	588,813	648,188
Slide processing	287,868	334,833
Miller Printer	883	3,234
Radiology	488,138	377,848
Ultrasonod	88,828	34,238
Scans	213,874	233,183
Pharmacy	488,288	783,834
Anesthesiology	182,213	183,237
Inhalation therapy	121,213	124,704
Physical therapy	48,848	87,388
Medical records	23,228	34,867
Social service	543	907
Behavior unit	138,798	543,837
Partial unit	43,883	35,888
Infection control	848	823
Specialty clinic	1,182	3,423
Total Supplies and Other Expenses	<u>3,225,381</u>	<u>3,932,338</u>
Total Other Professional Services	<u>\$ 3,497,228</u>	<u>\$ 3,760,466</u>

ANNVILLE GENERAL HOSPITAL

<u>SCHEDULE OF GENERAL SERVICES</u>	<u>YEAR ENDED DECEMBER 31,</u>	
	<u>1997</u>	<u>1998</u>
Salaries and Fees:		
Dietary	\$ 953,709	\$ 118,828
Plant engineering	178,188	188,128
Housekeeping	208,788	174,879
Laundry and linen	<u>18,882</u>	<u>18,882</u>
Total Salaries and Fees	<u>1,359,567</u>	<u>500,717</u>
Supplies and Other Expenses:		
Dietary	382,382	374,813
Plant engineering	836,397	881,703
Housekeeping	88,702	280,747
Laundry and linen	<u>388,718</u>	<u>327,808</u>
Total Supplies and Other Expenses	<u>1,696,199</u>	<u>1,865,071</u>
Total General Services	<u>\$ 3,055,766</u>	<u>\$ 2,365,788</u>

AMERICAN GENERAL HOSPITAL

SCHEDULE OF FINANCIAL SERVICES	YEAR ENDED DECEMBER 31,	
	1977	1976
Salaries and Fees:		
Patient accounting	\$ 103,312	\$ 114,748
Credit and collections	9,499	18,123
Admitting	83,887	71,518
Data processing	34,036	18,788
Communications	48,388	84,807
Receiving and stores	38,874	82,457
Personnel/public relations	87,847	34,040
Quality assurance	34,347	113,601
DMS coordination	82,137	48,828
Total Salaries and Fees	<u>632,437</u>	<u>645,886</u>
Supplies and Other Expenses:		
Patient accounting	23,827	34,351
Credit and collections	65,877	88,788
Admitting	27,218	31,318
Data processing	45,853	88,812
Communications	383,333	384,113
Receiving and stores	27,818	11,158
Personnel/public relations	21,113	18,233
Quality assurance	13,608	14,894
DMS coordination	1,614	4,568
Miscellaneous		7
Total Supplies and Other Expenses	<u>629,268</u>	<u>622,175</u>
Total Financial Services	<u>\$ 661,705</u>	<u>\$ 672,081</u>

KNOXVILLE GENERAL HOSPITAL

SCHEDULE OF ADMINISTRATIVE SERVICES

	YEAR ENDED DECEMBER 31,	
	1997	1998
Salaries and Fees:		
Administrative office	\$ 172,187	\$ 168,270
General accounting	81,811	81,883
Governing board	<u>31,350</u>	<u>31,850</u>
Total Salaries and Fees	<u>285,348</u>	<u>282,003</u>
Supplies and Other Expenses:		
Administrative office	58,188	58,828
General accounting	48,287	38,888
Employee benefits	1,528,738	1,427,577
Insurance	288,818	287,888
Taxes	21,381	20,818
Other	22,880	22,908
Volunteer services	488	1,118
Physician's guarantee	<u>58,222</u>	<u>18,887</u>
Total Supplies and Other Expenses	<u>2,827,842</u>	<u>1,858,718</u>
Total Administrative Services	<u>\$ 4,872,890</u>	<u>\$ 3,442,721</u>

ANNVILLE GENERAL HOSPITAL

SCHEDULE OF GOVERNING BOARD MEMBERS

YEAR ENDED DECEMBER 31,

	1957		1956	
	MEMBER OF BOARD ATTENDED	COMPENSATION	MEMBER OF BOARD ATTENDED	COMPENSATION
CHAIRMAN				
Donald Friesen	34	\$ 1,800	37	\$ 1,800
David Miller	33	1,800	35	1,800
Robert Williams	32	1,800	33	1,750
James Sopara, III	34	1,800	33	1,750
Josephine Levy	31	1,800	32	1,800
John Henderson	33	1,750	32	1,800
Arley Robert, M.D.	33	1,650	34	1,700
	329	\$ 13,750	334	\$ 14,700

LANGLOIS

&

BROUSSARD

(A Corporation of Certified Public Accountants)

Allen P. Langlois, C.P.A.

Michael H. Broussard, C.P.A.

Angie Adams, C.P.A.

Patrick M. Gandy, C.P.A.

Shirley M. Stambler, C.P.A.

Chap. Member, C.P.A.

**REPORT ON INTERNAL CONTROL STRUCTURE & COMPLIANCE
WITH STATE AND FEDERAL LAWS**

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 Thurgood Marshall Parish Police Jury, State of Louisiana, as of and for the year ended December 31, 1997, and have issued our report thereon dated April 14, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Supplemental 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, activities 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 recorded 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 of 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, 1997, 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 errors 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 intend

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.

UNBILLED RECEIVABLES OVER ONE MONTH

Findings and Observations:

Unbilled receivable accounts as of December 31, 1997 comprised 27.2% of the total accounts receivable, as compared to 28.2% for the previous year. The dollar amount unbilled for December 31, 1997 is \$ 3,621,107.85, compared to \$ 4,267,948.28 for the previous year.

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,

LAWRENCE A. BOGARD
Certified Public Accountant
April 24, 1998