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ARTHUR ANDERSEN LLP

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TERREBONNE PARISH HOSPITAL SERVICE DISTRICT #1

COMPREHENSIVE ANNUAL REPORT
MARCH 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 22 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Commissioners of Hospital Service
District No. 1 of Terrebonne Parish, Louisiana:

We have audited the accompanying balance sheets of Terrebonne General Medical Center (Hospital Service District No. 1 of Terrebonne Parish, Louisiana, "the Hospital") as of March 31, 1998 and 1997, and the related statements of revenues and expenses, changes in fund balances and cash flows for the years 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1994 Revision) 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 audits provide 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 Terrebonne General Medical Center as of March 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report on our consideration of the Hospital's compliance and internal control over financial reporting dated June 12, 1998.

Arthur Andersen LLP

New Orleans, Louisiana,
June 12, 1998

TERREBONNE GENERAL MEDICAL CENTER

BALANCE SHEETS

AS OF MARCH 31, 1998 AND 1997

ASSETS	1998	1997
CURRENT ASSETS:		
Cash (Note 2)	$ 9,434,946	$ 9,195,785
Patient accounts receivable, net of allowance for doubtful accounts of $6,034,081 in 1998 and $6,574,983 in 1997	11,505,565	10,090,341
Estimated receivables under government payment programs (Note 1)	1,644,898	834,144
Inventories (Note 1)	2,861,003	2,817,211
Prepaid expenses	823,431	736,534
Other current assets	1,464,704	435,398
Total current assets	27,734,547	24,109,413
PROPERTY, PLANT AND EQUIPMENT AT COST (Note 1):		
Land	11,037,384	11,021,295
Buildings	50,718,341	49,160,129
Equipment	67,677,164	66,377,926
Construction-in-progress	12,811,328	5,967,885
	142,244,217	132,527,235
Less- Accumulated depreciation	(66,116,139)	(60,751,321)
	76,128,078	71,775,914
BOARD-DESIGNATED INVESTMENTS AND OTHER ASSETS (Notes 1 and 3):		
Funds designated for retirement of debt	37,260,000	38,425,000
Funds designated for plant replacement and expansion	66,676,818	60,506,261
Funds held by trustee	4,063,907	4,063,421
Other assets	11,484,922	13,232,862
	119,485,647	116,227,544
	$223,348,272	$212,112,871

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

TERREBONNE GENERAL MEDICAL CENTER

BALANCE SHEETS

AS OF MARCH 31, 1998 AND 1997

LIABILITIES AND FUND BALANCES	1998	1997
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 2,582,487	$ 2,963,173
Accounts payable	4,292,163	5,063,417
Accrued liabilities	10,390,215	9,019,678
Estimated payables under government payment programs (Note 1)	3,540,547	3,717,694
Total current liabilities	20,805,412	20,763,962
LONG-TERM DEBT (Note 3):		
Hospital revenue bonds	36,010,000	36,804,979
Notes payable	2,016,261	3,824,976
	38,026,261	40,629,955
COMMITMENTS AND CONTINGENCIES (Note 6)	-	-
FUND BALANCES (Note 1):		
Designated for specific purposes	103,936,818	98,931,262
Non-designated	60,579,781	51,787,692
	164,516,599	150,718,954
	$ 223,348,272	$ 212,112,871

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

TERREBONNE GENERAL MEDICAL CENTER

STATEMENTS OF REVENUES AND EXPENSES

FOR THE YEARS ENDED MARCH 31, 1998 AND 1997

	1998	1997
NET REVENUE FROM SERVICES (Note 1)	$114,127,428	$103,148,376
OTHER REVENUE, net	7,757,826	4,144,061
Total net operating revenues	121,885,254	107,292,437
OPERATING EXPENSES:		
Salaries, wages and benefits (Note 4)	54,814,451	51,896,838
Supplies	23,690,654	22,033,505
Purchased services	10,242,384	9,153,748
Professional fees	4,282,655	4,078,687
Depreciation and amortization	8,499,492	7,772,909
Interest expense	2,901,721	2,993,478
Provision for bad debts	2,026,221	1,361,701
Other	4,723,768	4,537,735
Total operating expenses	111,181,346	103,828,601
INCOME FROM OPERATIONS	10,703,908	3,463,836
NON-OPERATING INCOME (Note 1):		
Investment income-		
Funds held by trustee	281,621	257,794
Other	4,643,530	5,571,375
Total non-operating income	4,925,151	5,829,169
REVENUES IN EXCESS OF EXPENSES BEFORE EXTRAORDINARY LOSS	15,629,059	9,293,005
EXTRAORDINARY LOSS (Note 3)	1,831,414	-
REVENUES IN EXCESS OF EXPENSES	$ 13,797,645	$ 9,293,005

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

TERREBONNE GENERAL MEDICAL CENTER

STATEMENTS OF CHANGES IN FUND BALANCES

FOR THE YEARS ENDED MARCH 31, 1998 AND 1997

	Funds Designated for Specific Purposes	Non-designated Funds	Total
BALANCE, March 31, 1996	$ 94,218,709	$ 47,207,240	$141,425,949
Revenues in excess of expenses	5,571,375	3,721,630	9,293,005
Transfers of funds	(858,822)	858,822	-
BALANCE, March 31, 1997	98,931,262	51,787,692	150,718,954
Revenues in excess of expenses	6,157,482	7,640,163	13,797,645
Transfers of funds	(1,151,926)	1,151,926	-
BALANCE, March 31, 1998	$103,936,818	$ 60,579,781	$164,516,599

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

TERREBONNE GENERAL MEDICAL CENTER

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 1998 AND 1997

	1998	1997
OPERATING ACTIVITIES:		
Income from operations	$ 10,703,908	$ 3,463,836
Adjustments to reconcile revenues in excess of expenses to net cash provided by operating activities and gains and losses-		
Depreciation and amortization	8,499,492	7,772,909
Gain (loss) on sale of equipment	4,000	(8,779)
Increase in patients accounts receivable	(1,415,224)	(1,344,780)
(Increase) decrease in government program receivables	(810,754)	105,313
(Increase) in other current assets	(1,029,306)	(330,496)
(Increase) decrease in inventory	(43,792)	342,055
(Increase) in prepaid expenses	(86,897)	(117,223)
(Increase (decrease) in accounts payable	(771,254)	(241,178)
Increase in accrued liabilities	1,370,537	2,052,805
Increase (decrease) in government program payables	(177,147)	1,511,316
Net cash provided by operating activities	16,243,563	13,205,778
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property, plant and equipment, net	(12,094,428)	(11,839,350)
NON-CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net increase in investments and other long-term assets	(4,019,331)	(15,350,539)
Extraordinary loss on bond refinancing	(1,831,413)	-
Educational endowment and other	(670,619)	-
Net cash used in non-capital and related financing activities:	(6,521,363)	(15,350,539)
INVESTING ACTIVITIES:		
Increase in notes payable	-	5,013,400
Principal payments on 1988 Hospital bonds	(1,165,000)	(1,090,000)
Principal payments under capital lease and other long-term debt obligations	(1,819,380)	(571,357)
Non-operating interest revenue, net	5,595,770	5,829,169
Net cash used in investing activities	2,611,390	9,181,212
NET INCREASE (DECREASE) IN CASH	239,162	(4,802,899)
CASH AT BEGINNING OF YEAR	9,195,785	13,998,684
CASH AT END OF YEAR	$ 9,434,947	$ 9,195,785

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Basis of Presentation

Terrebonne General Medical Center (the Hospital) is owned by Hospital Service District No. 1 of the Parish of Terrebonne, State of Louisiana (the District), a political subdivision of the State of Louisiana. The District is exempt from Federal income taxation as a political subdivision of the State of Louisiana and, accordingly, the accompanying financial statements do not include any provision for income taxes. The Hospital reports in accordance with generally accepted accounting principles (GAAP) as specified by the American Institute of Certified Public Accountants' (AICPA) "Audits of Providers of Health Care Services" and, as a governmental entity, also provides certain disclosures required by the Governmental Accounting Standards Board. GAAP requires management to make assumptions and estimates about amounts recorded or disclosed in the financial statements; actual results may vary from these estimates.

To finance the construction of a 261-bed facility to replace the previous facility, the District issued revenue bonds of $27.3 million and the Parish issued sales tax bonds of $20.0 million on April 1, 1981 (collectively the 1981 Bonds). The Hospital issued $42.6 million of revenue refunding bonds in 1985 (the 1985 Bonds) to retire the 1981 Bonds. The Hospital issued $47.3 million of revenue refunding bonds in fiscal 1989 (the 1988 Bonds - see Note 4) to defease the 1985 Bonds. The Hospital issued $55.4 million of revenue refunding bonds in fiscal 1999 (the 1998 Bonds - see Note 4) to defease 1988 Bonds. As of March 31, 1997, all of the 1981 Parish sales tax bonds and the 1985 bonds have been retired or called for redemption, thus none of the bonds in these issues remain outstanding. The remaining 1988 Bonds outstanding were called for redemption in June, 1998.

The Hospital classifies funds as either designated or non-designated. Designated funds have been designated for specific purposes by the Hospital Board or donors. Gifts, grants and bequests not designated by donors for specific purposes are reported as non-operating income. Gifts, grants and bequests designated by donors for a specific purpose are reported as additions to designated funds.

Inventory

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

Investments and Other Assets

Investments and other assets are stated at cost or amortized cost (see Note 3), as applicable, plus accrued interest. Investment income is recorded as non-operating revenue.

Other assets include the Hospital's equity investment in a managed care organization purchased in fiscal 1997 (see Note 4); various investments held in connection with employee retirement plans; and $585,700 in certificates of deposit which are pledged as security under various insurance plans. Deferred financing costs associated with the 1988 Bonds were included in Other Assets on March 31, 1997, but were written off at March 31, 1998 in connection with the defeasance of these bonds (see Note 3).

Property, Plant and Equipment

Property is recorded at acquisition cost, including interest expense capitalized during construction. No interest was capitalized in 1998 or 1997. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets, which range from 5 to 25 years.

Statement of Revenues and Expenses

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of healthcare services are included in Income from Operations; all peripheral transactions are reported as Non-operating Income.

Net Revenue From Services and Related Receivables

The Hospital provides medical services to government payment program beneficiaries (approximately 66% of combined gross patient service charges in both 1998 and 1997 were derived from services furnished to Medicare and Medicaid program beneficiaries) and has agreements with other third-party payers that provide for payments 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 payer and others for services rendered.

Retroactive settlements are provided for in some of the government payment programs outlined above, based upon annual cost reports; such settlements are estimated and recorded as amounts due from such programs in the financial statements. The difference between these estimates and final determination of amounts to be received based on audits by fiscal intermediaries is reported as an adjustment to net patient revenue when such determinations are made. Management believes that the effect of any such adjustments that may be made to cost reports subject to review at March 31, 1998 will not be material to the Hospital's financial position or results of operations.

The Hospital is unable to predict the future course of Federal, state and local regulation or legislation, including Medicare and Medicaid statutes and regulations. Future changes could have a material adverse effect on the future financial results of the Hospital.

Community Benefits

Services provided to the indigent and benefits provided to the broader community by the Hospital for the years ended March 31, 1998 and 1997 are summarized below:

	1998	1997
Benefits for the Indigent-		
Traditional charity care	$ 3,132,000	$ 3,332,000
Benefits for the Broader Community-		
Unpaid costs of government programs	4,359,108	5,364,000
Other community benefits	2,910,396	2,873,000
Total quantifiable benefits for the broader community	7,269,504	8,237,000
Total quantifiable community benefits	$ 10,401,504	$ 11,569,000

Benefits for the indigent represent charges for services provided to persons who cannot afford healthcare because of inadequate resources or who are uninsured.

Benefits for the broader community include the unpaid cost of treating Medicare and Medicaid beneficiaries in excess of government payments and services provided to other needy populations that may not qualify as indigent but that require special services and support. Examples include the cost of health promotion and education, an assistance program for the elderly, health clinics and screenings, and ground ambulance and air ambulance services, which benefit the broader community.

Community benefit expenses approximated 9% and 11% of the Hospital's total operating expenses for 1998 and 1997, respectively.

Reclassifications

Certain reclassifications have been made to prior year balances in order to conform to the current year presentation.

Non-operating Income

Non-operating income includes income earned on board designated investments, gifts and bequests, and those assets whose use is limited under bond agreements.

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.

2. INVESTMENTS:

The Hospital's cash and investments are categorized below to give an indication of the level of risk assumed at March 31, 1998. Category (1) includes investments that are insured or registered for which the securities are held by the Hospital or its agent in the Hospital's name. Category (2) includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Hospital's name. Category (3) includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the Hospital's name. Balances at December 31, 1998 were as follows:

	Credit Risk Category (1)	(2)	(3)	Carrying Amount	Market Value
Securities Type:					
U.S. Government obligations	$ -	$83,003,537	$ -	$ 83,003,537	$ 84,402,284
Cash and cash equivalents, *certificates of deposit and* accrued interest receivable	33,062,659	-	1,369,475	34,432,134	34,432,134
	$33,062,659	$83,003,537	$1,369,475	$117,435,671	$118,834,418

Louisiana state statutes authorize the Hospital to invest in obligations of the U. S. Treasury and other Federal agencies, time deposits with state banks and national banks having their principal offices in the state of Louisiana, guaranteed investment contracts issued by highly rated financial institutions and certain investments with qualifying mutual or trust fund institutions. During the years ended March 31, 1998 and 1997, the Hospital invested primarily in money market funds and securities issued by the U.S. Treasury and other Federal agencies. The Hospital's investments in U. S. Government obligations are registered investments held by the Hospital or its agent in the Hospital's name.

Trustee-held investments consist primarily of funds invested through a trustee in qualifying investments as specified in the applicable revenue bond resolution. The 1988 Bond Agreement (see Note 3) requires the Hospital to maintain a bond reserve fund at specified levels which may be used by the trustee as necessary to fund payments of principal and interest to the bondholders. Through March 31, 1998, the Hospital has properly funded payments due for principal and interest on the bonds and, accordingly, the funds in the reserve fund have not been utilized for these purposes.

The majority of the Hospital's investments are classified as non-current and are carried at cost because the Hospital has the intent and ability to hold these securities until their maturity and thereby realize the carrying cost of these investments.

In March 1997, the Governmental Accounting Standards Board issued Statement No. 31 (GASB 31) "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which will be effective for the Hospital for the year ended March 31, 1999. GASB 31 requires that investments be reported at fair value in the balance sheet and all investment income including changes in fair value of investments be reported as revenue in the statement of revenues and expenses. Had GASB 31 been applied at March 31, 1998, the carrying value of the Hospital's investment would have been increased by approximately $1,399,000.

3. LONG-TERM DEBT:

Long-term debt at March 31, 1998 consists primarily of the 1988 Bonds (see Note 1) which were term bonds, bearing interest at 7.5%, with semiannual interest payments due April 1 and October 1 of each year beginning April 1, 1989. The bonds mature in varying installments through 2015, and were subject to mandatory redemption through a sinking fund which required the Hospital to fund total debt service ranging from approximately $3.8 to $4.0 million annually from 1998 through 2015. The 1988 Bonds were secured by a pledge of all accounts receivable and revenue, after operating expenses, derived by the Hospital. Under the terms of the Bond Agreement, certain maturities of principal due on the bonds, as well as interest accruing on the bonds, must be funded to the Trustee prior to actual payment to the bondholders.

During fiscal year 1998, the Hospital began the process of issuing the Series 1998 Bonds to finance the acquisition and construction of improvements, renovations and extensions to the Hospital, refund the 1988 Bonds and pay for the costs of issuing the bonds. The 1998 bonds were issued as serial bonds bearing interest at rates ranging from 4.0% to 5.4%, with semiannual interest payments due April and October 1 of each year beginning April 1, 1999. The bonds mature in varying installments through 2028, and are subject to mandatory redemption through a sinking fund which requires the Hospital to fund debt service of approximately $3.7 million annually from 1999 to 2029. The 1998 Bonds are secured by a pledge and assignment of all revenues, after operating expenses, derived by the Hospital. Under the terms of the bond agreement, certain maturities of principal due on the bonds, as well as interest accruing on the bonds, must be funded to the Trustee prior to actual payment to the bondholders. An extraordinary loss on the extinguishment of debt has been recorded as the loss is probable and the amount can be determined at March 31, 1998.

During fiscal 1997, the Hospital purchased a 17% interest in a managed care organization for approximately $10,000,000; $5,000,000 of which is payable over 3 years without interest. The Hospital has also issued a note payable in connection with another acquisition which bears interest of 5.5% and is payable in monthly installments of principal and interest through June, 2001.

Maturities of long-term debt after reflecting the issuance of the 1998 Bonds are as follows:

Fiscal Year	1998 Revenue Bonds	Other	Total
1999	$ -	$1,332,487	$ 1,332,487
2000	830,000	1,816,727	2,646,727
2001	865,000	158,525	1,023,525
2002	905,000	41,009	946,009
2003	945,000	-	945,000
2004-2029	51,900,000	-	51,900,000
	$55,445,000	$3,348,748	$58,793,748

Cash interest payments on all debt were approximately $2.9 million in 1998 and $3.0 million in 1997.

4. RETIREMENT PLAN:

The Hospital has a contributory money accumulation pension plan covering substantially all its full-time employees. Plan participants are required to contribute 2% of their monthly earnings to the pension plan. The Hospital contributes amounts equal to 5% of the participant's salary to the plan. Pension expense was approximately $1,290,000 in 1998 and $980,000 in 1997.

5. COMMITMENTS AND CONTINGENCIES:

The State of Louisiana enacted legislation in 1976 that created a statutory limit of $500,000 for each medical professional liability claim and established the Louisiana Patient Compensation Fund (State Insurance Fund) to provide professional liability insurance to participating health care providers. The constitutionality of the statutory limit has been, and continues to be, challenged, but these challenges have been unsuccessful to date. The Hospital participates in the State Insurance Fund, which provides up to $400,000 coverage for settlement amounts in excess of $100,000 per claim. The Hospital is self-insured with respect to the first $100,000 of each claim (up to an annual deductible of $1,000,000) and has excess insurance coverage with an annual aggregate limit ($21,000,000 in 1998). Malpractice suits involving claims of varying amounts have been filed against the Hospital by various claimants. The actions are in various stages of processing and some may ultimately be tried before juries. As any legal proceeding involves an element of risk, counsel is unable to precisely predict the ultimate outcome of the suits commenced. Additional claims may be asserted arising from services provided to patients during 1998 and prior years. Although the Hospital is unable to determine precisely the ultimate cost of the settlement of such claims, the Hospital's administration believes that the effect of such settlements, if any, will not be material to the financial position of the Hospital.

The Hospital has been named as a defendant in various legal actions arising from normal business activities in which damages in various amounts are claimed. The amount of ultimate liability, if any, with respect to such matters cannot be determined, but management believes that any such liability would not have a material effect on the Hospital's financial position.

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

The Hospital leases a portion of its facilities to an unrelated party who provides psychiatric and chemical dependency treatment services. The lease agreement provides for a twenty-year term, through 2006, with one renewal option for twenty years. The base rental rate, which was $120,000 per year at inception of the lease, is subject to an adjustment indexed to the Consumer Price Index every three years. The Hospital also provides other services to the lessee which are billed separately. Revenue from these services totaled approximately $944,000 in 1998 and $1,198,000 in 1997 which is included in other operating revenue in the accompanying statements of revenues and expenses.

As of March 31, 1998, the Hospital has budgeted approximately $75,500,000 for new equipment, building renovations and other acquisitions of which approximately $44,335,000 is expected to be funded in fiscal 1999.

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

To the Board of Commissioners of
Hospital Service District No. 1 of Terrebonne Parish, Louisiana:

We have audited the financial statements of Terrebonne General Medical Center (the Hospital), as of and for the year ended March 31, 1998, and have issued our report thereon dated June 12, 1998. 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 mattes involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Arthur Andersen LLP

New Orleans, Louisiana
June 12, 1998