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MEMPHIS GENERAL HOSPITAL
FINANCIAL REPORT
JUNE 30, 1960

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Release Date _____



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheets of Eggenmann General Hospital Trust Authority and Hospital Service District No. 2 of St. Landry Parish, Louisiana as of June 30, 1998 and 1999, and the related consolidated 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. 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 statements presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Opelousas General Hospital Trust Authority and Hospital Service District No. 2 of St. Landry Parish, Louisiana as of June 30, 1998 and 1997, and the results of its operations and 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 dated November 9, 1998 on our consideration of the Hospital's internal control structure and a report dated November 9, 1998 on its compliance with laws and regulations.

Bronson, Beck, Lewis & Straub L.L.C.

Opelousas, Louisiana
November 9, 1998

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SPELOUNAS GENERAL HOSPITAL TRUST AUTHORITY
AND HOSPITAL SERVICE DISTRICT NO. 7 OF ST. LARRY PARISH, LOUISIANA

CONSOLIDATED BALANCE SHEETS
June 30, 1998 and 1997
(in Thousands)

ASSETS	1998	1997
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,256	\$ 480
Patients accounts receivable, less allowances for uncollectible accounts, \$2,352 at 1998 and \$2,298 at 1997	7,830	8,096
Debt retirement bond fund held by Trustees:		
Bond fund:		
Cash and cash equivalents	973	363
Accrued interest receivable	4	1
Investments	11,177	10,428
Inventories	1,152	800
Prepaid expenses	269	250
Other receivable	225	223
Total current assets	<u>\$ 32,217</u>	<u>\$ 23,321</u>
OTHER ASSETS		
Debt retirement funds held by Trustees:		
Bond reserve fund:		
Cash and cash equivalents	\$ 933	\$ 851
Investments	481	600
Accrued interest receivable	5	4
Replacement and renovation fund:		
Cash and cash equivalents	8	3
Investments	26	16
Excess depreciation fund:		
Cash and cash equivalents	17	2
Investments	163	182
Accrued interest receivable	-	-
Investments	4,313	5,248
Deposits designated for costs of construction project:		
Cash and cash equivalents	487	-
Uncommitted expense	168	182
Other investments	94	81
Other assets	3	8
	<u>\$ 6,561</u>	<u>\$ 7,311</u>
PROPERTY, PLANT AND EQUIPMENT, less accumulated		
Depreciation, \$10,818 at 1998 and \$29,180 at 1997	\$ 35,826	\$ 32,485
	<u>\$ 66,218</u>	<u>\$ 58,525</u>

See Notes to Consolidated Financial Statements.

LIABILITIES AND FUND BALANCES	1998	1997
CURRENT LIABILITIES		
Trade accounts payable	\$ 1,127	\$ 698
Current portion of long-term debt	504	789
Current portion of long-term capital lease	299	-
Employee compensation payable	2,327	2,194
Other accrued expenses	341	158
Estimated third-party payer settlements	1,695	2,694
Payable from designated assets:		
bank overdraft	-	173
Total current liabilities	<u>\$ 6,292</u>	<u>\$ 6,608</u>
LONG-TERM LIABILITIES		
Long-term portion of debt	\$ 7,381	\$ 7,882
Long-term portion of capital lease	<u>826</u>	<u>-</u>
	<u>\$ 8,207</u>	<u>\$ 7,882</u>
FUND BALANCES		
Designated:		
For debt retirement:		
Bond fund	\$ 324	\$ 364
Bond reserve fund	1,538	1,436
Replacement and renovation reserve fund	81	77
Excess depreciation fund	179	169
For plant repair and expansion	4,582	5,379
For costs of construction projects	<u>6,754</u>	<u>7,641</u>
Non-designated	<u>51,518</u>	<u>36,886</u>
	<u>\$ 58,975</u>	<u>\$ 55,835</u>
	 <u>\$ 65,218</u>	 <u>\$ 64,525</u>

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SPENCER GENERAL HOSPITAL TRUST AUTHORITY
AND HOSPITAL SERVICE DISTRICT NO. 3 OF ST. LOUISY PARISH, LOUISIANA

CONSOLIDATED STATEMENTS OF REVENUES AND EXPENSES
Years Ended June 30, 1998 and 1997
(In Thousands)

	1998	1997
Net patient service revenues	\$ 44,534	\$ 41,739
Other operating revenues	_____ 689	_____ 582
Total operating revenues	<u>\$ 45,223</u>	<u>\$ 42,321</u>
Operating expenses:		
Regular services	\$ 5,212	\$ 4,347
Auxiliary services	19,374	18,144
General services	3,908	3,124
Fiscal and administrative services	5,490	4,032
Depreciation	3,640	3,681
Interest	678	145
Provision for uncollectible accounts	<u>1,344</u>	<u>2,089</u>
	<u>\$ 41,197</u>	<u>\$ 38,522</u>
Excess of operating revenues over operating expenses	<u>\$ 4,026</u>	<u>\$ 3,799</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 1,100	\$ 941
Gain (Loss) on OGH Medical Services, Inc.	(37)	(465)
Loss on OGH Medical Offices, Inc.	(12)	(280)
Donations	5	7
Rental income, net of expense	597	528
Loss on disposal of assets	(11)	(79)
Other	<u>34</u>	<u>2</u>
	<u>\$ 1,687</u>	<u>\$ 1,153</u>
Excess of revenues over expenses	<u>\$ 5,713</u>	<u>\$ 4,952</u>

See Notes to Consolidated Financial Statements.

ORLEANS GENERAL HOSPITAL TRUST AUTHORITY
AND HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LOUIS PARISH, LOUISIANA

CONSOLIDATED STATEMENTS OF CHANGES IN FUND BALANCES
Years Ended June 30, 1998 and 1997
(In Thousands)

	Designated Funds		
	Bond Fund	Bond Reserve Fund	Replacement and Renovation Reserve Fund
Balance, June 30, 1996	\$ 466	\$ 1,376	\$ 75
Additions:			
Allocation of excess revenues over expenses	25	80	4
Subtractions and transfers:			
Transfer from non-designated funds	1,305	-	-
Interest paid	(823)	-	-
Debt retirement	(380)	-	-
Capital expenditures	-	-	-
Balance, June 30, 1997	\$ 383	\$ 1,456	\$ 79
Additions:			
Allocation of excess revenues over expenses	26	82	4
Subtractions and transfers:			
Transfer from non-designated funds	1,164	-	-
Interest paid	(300)	-	-
Debt retirement	(623)	-	-
Capital expenditures	-	-	-
Balance, June 30, 1998	\$ 329	\$ 1,538	\$ 83

See Notes to Consolidated Financial Statements.

<u>Designated Funds</u>					
<u>DEBT RECLAMENT.</u>					
<u>Excess</u> <u>Depreciation</u> <u>Fund</u>	<u>Plant</u> <u>Repair</u> <u>and</u> <u>Expansion</u>	<u>Construction</u> <u>Project</u> <u>Funds</u>	<u>Res-</u> <u>Designated</u> <u>Funds</u>	<u>Total</u>	
\$ 160	\$ 5,585	\$ 1	\$ 35,514	\$ 38,660	
9	256	-	4,388	5,703	
-	2,999	-	(4,104)	-	
-	-	-	632	-	
-	-	-	598	-	
-	(3,362)	(1)	3,266	-	
\$ 169	\$ 5,578	\$ -	\$ 38,994	\$ 44,741	
10	256	-	5,511	5,887	
-	2,699	-	(4,863)	-	
-	-	-	505	-	
-	-	-	625	-	
-	(4,362)	-	4,738	-	
\$ 179	\$ 6,581	\$ -	\$ 43,302	\$ 50,062	

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

CONSOLIDATED STATEMENTS OF CASH FLOW
Years Ended June 30, 1998 and 1997
(In Thousands)

	1998	1997
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 5,669	\$ 4,708
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,715	3,687
Amortization	14	47
Loss on disposal of assets	3	9
(Gain) on investment	(95)	(8)
(Increase) decrease in assets:		
Receivables	(2,893)	(633)
Inventories	(233)	(34)
Prepaid expenses	382	(251)
Other assets	2	3
Increase in liabilities:		
Payables	(408)	688
Accruals	(433)	-
Net cash provided by operating activities	<u>\$ 5,808</u>	<u>\$ 5,708</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on long-term debt	\$ (786)	\$ (1,438)
Principal payments on capital lease	(213)	-
Proceeds from issuance of capital lease	<u>1,272</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>\$ 273</u>	<u>\$ (1,438)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	\$(19,816)	\$(20,681)
Proceeds from redemption of investments	30,700	16,934
Purchase of property and equipment	(6,613)	(3,854)
Proceeds from sale of property and equipment	48	48
Dividends from investment	8	6
Increase in construction in progress	(1,782)	-
Amount of general ledger booked as cost of new asset	<u>2</u>	<u>-</u>
Net cash used in investing activities	<u>\$ (5,453)</u>	<u>\$ (7,584)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 1,628</u>	<u>\$ (734)</u>
Cash and cash equivalents, beginning	<u>1,622</u>	<u>2,383</u>
Cash and cash equivalents, ending	<u>\$ 3,250</u>	<u>\$ 1,649</u>

(Continued)

ORLEANS GENERAL HOSPITAL TRUST AUTHORITY
AND HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LARRY PARISH, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended June 30, 1998 and 1997
(In Thousands)

	1998	1997
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 4,400	\$ 4,000

See Notes to Consolidated Financial Statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization and Consolidation:

The accompanying financial statements include the consolidated accounts and transactions of Hospital Service (District No. 2 of St. Landry Parish, Louisiana (District)), and Opelousas General Hospital Authority (Authority). All significant transactions between the two entities have been eliminated in consolidation.

The District, which is the beneficiary of the Authority, is a political subdivision of the State created by an ordinance adopted by the St. Landry Parish Police Jury on July 4, 1953 for the purpose of establishing the Hospital. The geographical limits of the District coincide with those of Ward 3, St. Landry Parish, which includes the corporate limits of the City of Opelousas. Members of the Board of Commissioners are appointed by the St. Landry Parish Police Jury and may also serve as Trustees of the Authority.

The Authority was created under the laws of the State of Louisiana pursuant to a Trust Indenture executed on April 4, 1971 for the benefit of the District and is a public instrumentality of the State of Louisiana. The stated purpose of the Authority is to acquire hospital facilities by lease, purchase, gift or otherwise and to plan, establish, develop, construct and administer hospital properties for the use and benefit of the residents of the District. The Authority is empowered to issue temporary notes, bonds, or other evidence of indebtedness from time to time to accomplish any of these purposes.

The Authority owns 100% of OCH Medical Services, Inc. This subsidiary is a general partner with a 12 equity interest and a 10% interest in net income of Louisiana Medical Ventures, Ltd. The Authority also owns 100% of OCH Medical Offices, Inc.

Net patient service revenues:

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retrospective adjustments under reimbursement agreements with third party payors. Retrospective 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Inventory:

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

Investments:

Investments include certificates of deposit, obligations of the U.S. Government, Agencies and commercial paper issued by United States corporations with ratings of at least A-1 (Moody's) and P-1 (Standard and Poor's) and are stated at cost or amortized cost. All investments have fixed maturities. It is the Authority's intention to hold investments to maturity.

Property, plant and equipment:

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

The Hospital provides for depreciation of its plant and equipment using the straight-line method in amounts sufficient to amortize the cost of its assets over their estimated useful lives.

Unamortized expenses:

Unamortized expenses are recorded as other assets and are amortized over the estimated lives of the related assets.

Designated and non-designated funds:

The Hospital classifies all of its funds as either designated or non-designated. Designated funds have been designated for specific purposes by the Spicewood General Hospital Board, the St. Landry Parish Police Jury, or the donors.

The Hospital has several designated funds which were established by the issuance of debt. These funds are to be maintained by the Trustee (Shenandoah Bank of Louisiana in Baton Rouge, Louisiana) as special trust accounts for the benefit and security of all of the holders and owners of the bonds (the ten year notes and the first lienhold mortgage revenue bonds).

Debt Retirement Bond Fund:

The Bond Fund is used to receive transfers of revenues from the Authority to pay the principal and the interest on the bonds. Amounts contained in the Bond Fund in excess of the interest due on the next succeeding interest payment date and the principal due on the next succeeding principal payment date may, at the option of the Authority, be used either for early redemption of bonds or for the purchase of bonds in the open market.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bond Reserve Fund:

The Bond Reserve Fund shall be used to prevent any default in the payment of the bonds. The minimum required balance in the Bond Reserve Fund is an amount equal to the maximum annual debt service requirements (principal and interest) on the bonds. Any amounts accumulating in excess of the minimum required balance should be transferred to the Debt Retirement Bond Fund.

Replacement and Renovation Fund:

The Replacement and Renovation Fund is to assure the availability of funds for emergency repair or replacement of equipment and renovation of facilities that could affect the operation of the Hospital. The minimum required balance in the Replacement and Renovation Reserve Fund is \$31,000. Amounts accumulating in excess of the minimum required balance are transferred by the Trustee Bank upon receipt to the Debt Retirement Bond Fund.

Excess Depreciation Fund:

The Excess Depreciation Fund is to assure that funds are available for replacement and purchase of additional equipment and new property for the benefit of the Hospital. The required amount (to be deposited monthly) transfer is the depreciation expense that is in excess of the principal payment on the bonds and current acquisition of depreciable assets and capital improvements during the year.

Gifts, Grants, and Bequests:

Gifts, grants and bequests not designated by donors for specific purposes are reported as nonoperating revenues regardless of the use for which they might be designated by the Board. Gifts, grants and bequests restricted by donors for a specific purpose are reported as additions to the restricted funds and are transferred to the non-designated funds when the funds have been disbursed for the intended purpose.

Cash and cash equivalents:

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

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 these estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Environmental matters

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

Note 2. Health Insurance Program Reimbursement

The Hospital participates in Medicare and Medicaid programs as a provider of medical services to program beneficiaries. During the years ended June 30, 1998 and 1997, approximately 711 and 121, respectively, of the Hospital's patient service revenues were furnished to Medicare and Medicaid program beneficiaries. Revenues derived from the Medicare program are subject to audit and adjustment by the fiscal intermediary and must be accepted by the Department of Health and Human Services before settlement amounts become final. Revenues derived from the Medicaid program are subject to audit and adjustment and must be accepted by the Department of Health and Hospitals, State of Louisiana before the settlement amounts become final. Management does not anticipate significant adjustments by program representatives of settlements for the year ended June 30, 1998.

Note 3. Property, Plant, and Equipment

The following is a summary of the property, plant, and equipment by business activity.

	1998		1997	
	Hospital	Fitness Center	Hospital	Fitness Center
Land and land improvements	\$ 1,166,000	\$ 71,000	\$ 1,166,000	\$ 71,000
Buildings and fixed equipment	32,182,000	1,261,000	32,182,000	1,168,000
Major movable equipment	27,622,000	344,000	34,890,000	318,000
Construction in progress	2,185,000	34,000	486,000	-
allowance for depreciation	<u>(12,461,000)</u>	<u>(219,000)</u>	<u>(18,677,000)</u>	<u>(211,000)</u>
	<u>\$ 24,592,000</u>	<u>\$ 1,217,000</u>	<u>\$ 34,836,000</u>	<u>\$ 1,312,000</u>

Depreciation expense for the Hospital and the Fitness Center was \$3,640,000 and \$76,900 respectively, in 1998 and \$3,481,000 and \$24,800, respectively, in 1997.

The construction in progress represents the costs incurred in relation to various renovations at the hospital.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Investments

The Hospital invests in certificates of deposits with local banks, obligations of U.S. Government Agencies and commercial paper issued by U.S. corporations with a rating of A-1 (Moody's) and P-1 (Standard and Poor's) or higher. All of the securities have fixed maturities and it is the Hospital's intention to hold them until maturity.

The balances at June 30, 1988 and 1987 are as follows:

	June 30, 1988		June 30, 1987	
	Book	Market	Book	Market
	Value	Value	Value	Value
Certificates of deposits	\$ 750,000	\$ 750,000	\$ 699,000	\$ 699,000
U.S. Government Obligations	14,383,000	14,386,800	15,018,000	15,344,000
Commercial paper	<u>1,033,000</u>	<u>1,122,800</u>	<u>1,264,000</u>	<u>1,256,000</u>
	<u>\$6,166,000</u>	<u>\$6,259,600</u>	<u>\$7,977,000</u>	<u>\$7,309,000</u>

Note 5. Long-Term Debt

The details and balances of long-term debt are presented below:

	1988	1987
NORTH TOWER ADDITION OF FOUR STORY BUILDING		
Bonds, Series 1983, \$ 250 to \$ 500, collateralized by a first mortgage on the leasehold interests of the facilities and pledge of hospital revenues, with annual installments ranging from \$100,000 to \$200,000 to 1998	\$ -	\$ 250,000
NORTH TOWER ADDITION OF FIFTH AND SIXTH FLOORS		
First Leasehold Mortgage Revenue Bonds Series 1989, \$ 250 to \$ 500, collateralized by a first mortgage on the leasehold interests of the facilities and pledge of hospital revenues, due serially to 1998, with annual installments ranging from \$10,000 to \$75,000	<u> </u>	<u>148,000</u>
Substantiated forward	<u>\$ -</u>	<u>\$ 398,000</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Subtotals forwarded	\$	-	\$ 355,000
HOBBS AND WOMEN'S SERVICES EXPANDED			
First Leasehold Mortgage Hospital Revenue Bonds Series 1996, 5.5% to 7.4%, collateralized by a first mortgage on the leasehold interest of the Facilities and pledge of hospital revenues, due serially to 2015, with annual installments ranging from \$245,000 to \$480,000 (\$255,000 due in 1999)			
	7,550,000		7,870,000
MEDICAL EQUIPMENT			
5.5% Note collateralized by distressed equipment, payable in monthly installments of \$3,000, including interest through 3-1-99 (\$20,000 due in 1999)			
	21,000		61,000
OPENDOOR MEDICAL CENTER (OFFICE BUILDING)			
Note collateralized by real estate with a carrying value of \$880,000 bearing interest based on Chase prime with a floor of 82 and a ceiling of 108, payable in monthly install- ments of \$9,000, including interest through 11-01-2001 (\$85,000 due in 1999)			
	312,000		389,000
MEDICAL SATE PLAZA (OFFICE BUILDING)			
Note collateralized by real estate with a carrying value of \$540,000, bearing interest based on Chase prime with a floor of 82 and a ceiling of 108, payable in monthly install- ments of \$6,000, including interest through 12-02-2001 (\$55,000 due in 1999)			
	194,000		260,000
HARRIS PROPERTY (OFFICE SPACE)			
8.125 note collateralized by real estate and various equipment, payable in monthly installments of \$1,000, including interest through 8-1-99 (\$15,000 due in 1999)			
	15,000		18,000
G.E. MEDICAL SYSTEMS - (SATE. LAB.)			
Capital lease on lease collateralization laboratory equipment, payable in monthly installments of \$24,000, including interest at 5.5% through 7-2-2002 (\$238,000 due in 1999)			
	<u>1,863,000</u>		<u>1,863,000</u>
Subtotals Forward	\$8,130,000		\$8,890,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Subtotals forwarded	\$8,155,800	\$8,889,800
Unamortized discount on the issuance of Series 1977, 1979, and 1995 bonds (\$8,000 in 1999)	<u>(187,000)</u>	<u>(118,000)</u>
	\$8,668,800	\$8,771,800
Less current portion	<u>363,800</u>	<u>188,800</u>
	<u>\$8,185,000</u>	<u>\$2,982,800</u>

Aggregate maturities required on long-term debt at June 30, 1998 are as follows:

1999	\$ 963,000
2000	963,000
2001	1,811,000
2002	830,000
2003	698,000
Later years	<u>6,116,000</u>
	<u>\$2,268,000</u>

First Leasehold Mortgage Revenue Bonds:

During 1975, 1979 and 1995, the Hospital Authority issued revenue bonds totaling \$5,188,000, \$3,810,000 and \$8,155,800, respectively, to finance construction and renovation of the Hospital. The bonds are payable from a pledge of future revenues and are collateralized by mortgages on all properties of the Hospital.

The 1975 revenue bonds are callable at the option of the Authority at a premium of up to 2% of the principal amount retired or redeemed after March 31, 1990 and prior to March 1, 1998. The 1979 and 1995 revenue bonds are also callable at the option of the Authority.

On October 1, 1998, the Hospital called and canceled \$718,800 of the First Leasehold Mortgage Revenue Bonds Series 1979. These bonds were originally scheduled to mature between the years 1999 and 2003.

During 1998, the 1975 and 1979 bond series were paid in full.

Note 8. Employee Retirement Plan

The Hospital has a defined contribution pension plan which covers substantially all full-time Hospital employees after they have met certain eligibility requirements. Employees are required to contribute an amount equal to the existing Social Security rate. All funds contributed by the employee are fully vested. The Hospital contributes amounts ranging from 5 to 15 percent of the employees salary based on length of employment. The Hospital's contributions are fully vested to the participants after 3 years of continued employment. The Hospital's contributions to the plan for the years ended June 30, 1998 and 1997, were \$1,190,800 and \$1,863,000, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Organizational Expense

	RECONCILIATION		1998	1997
	Booked	Expired		
1978 Debt Insurance expense	33	38 Yrs.	\$ -	\$ 4,000
Organizational costs	35	38 Yrs.	81,000	88,000
1993 Debt Insurance expense	34	39 Yrs.	83,000	89,000
			<u>\$164,000</u>	<u>\$181,000</u>

Note 8. Charity Care and Contractual Discounts

Charity care:

The Hospital maintains records to identify and monitor the level of charity it provides. These records include the amount of charges Emergency fee services under its charity care policy. The amount of charges Emergency fee charity care provided is \$444,808 and \$287,508 during 1998 and 1997, respectively.

Contractual discounts:

As discussed in Note 7, the Hospital participates in Medicare and Medicaid programs as a provider of medical services to program beneficiaries. Because of Federal and State regulations, the Hospital does not receive full payment from third party payors under these programs. The amounts recorded as contractual adjustments were \$24,078,800 and \$27,384,800 during 1998 and 1997, respectively.

Note 9. Lease - 384-Spaulding Rehabilitation Campus

During 1988, the Authority entered into an agreement with Subina Walby Hospital, L.L.C. d/b/a 384-Spaulding Rehabilitation Campus (SWH) whereby the Authority leased twenty-one licensed beds within the hospital to SWH for the purpose of operating a rehabilitation facility. This agreement expired on April 30, 2000.

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

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

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Branson, Poché, Lewis & Brillen

**Spokenum, Louisiana
November 3, 1998**

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ORLEANS GENERAL HOSPITAL TRUST AUTHORITY AND
HOSPITAL SERVICE DISTRICT NO. 2 OF
ST. LOUIS PARISH, LOUISIANA

SCHEDULE OF INCOME FROM PATIENT SERVICES
Years Ended June 30, 1998 and 1997
(In Thousands)

	<u>Total</u>	
	<u>1998</u>	<u>1997</u>
Routine services:		
Medical and surgical	\$ 3,325	\$ 3,641
Intensive care unit	2,189	1,982
Barney	586	449
Skilled nursing facility	641	555
	<u>\$ 6,741</u>	<u>\$ 6,627</u>
Auxiliary services:		
Substance service	-	-
Neurophysiology	954	3,268
Cancer treatment center	59	38
Catheterization	2,568	86
Cardiopulmonary diagnostic lab and rehab	357	315
Central supply	4,429	3,813
Communication disorders	120	180
CT scan	858	752
Delivery room	756	629
Emergency room	371	383
Emergency room physician	383	361
Home health	-	-
Hypertensive medicine	384	383
Irradiation therapy	4,837	3,993
Intravenous therapy	1,493	934
Laboratory	4,373	3,383
Medical imaging	1,494	1,419
MRI	548	75
Nuclear medicine	154	366
Oncology	6	3
Operating room	4,245	3,433
Pain management	-	-
Pharmacy	3,271	2,323
Physical therapy	253	270
Physician clinics	-	-
Pulmonary function	63	32
Recovery room	598	553
Special health services	-	71
Social services	63	68
	<u>\$ 32,208</u>	<u>\$ 32,381</u>

Subpart 100		Totals	
1988	1991	1988	1991
\$ 195	\$ 285	\$ 3,731	\$ 3,866
22	13	2,131	1,915
1	-	387	649
-	-	441	155
<u>\$ 218</u>	<u>\$ 298</u>	<u>\$ 4,689</u>	<u>\$ 6,535</u>

\$ 28	\$ -	\$ 23	\$ -
31,861	3,886	3,386	2,872
3,477	1,068	3,134	1,886
31,769	488	3,277	694
3,112	1,182	3,659	1,997
3,003	983	3,484	4,798
268	383	369	605
3,858	1,858	2,556	2,582
258	366	3,026	883
3,696	1,828	2,886	1,821
3,641	1,621	2,026	1,982
3,647	2,025	2,667	2,829
968	669	3,143	1,861
868	932	2,328	6,204
216	183	3,299	1,111
6,286	6,389	8,679	8,256
2,226	2,243	3,126	4,882
2,188	738	2,396	833
311	417	465	583
322	307	315	328
3,838	3,324	8,096	6,657
88	15	88	15
2,261	2,281	18,812	9,413
289	221	368	693
28	-	28	-
348	485	381	818
375	544	3,178	1,881
82	319	82	318
-	-	65	68
<u>\$ 31,365</u>	<u>\$ 28,581</u>	<u>\$ 68,203</u>	<u>\$ 81,785</u>

OPLOUSAS GENERAL HOSPITAL, TRUST AUTHORITY AND
HOSPITAL SERVICE DISTRICT NO. 1 OF
ST. LOUIS PARISH, LOUISIANA

SCHEDULES OF DEPARTMENTAL REVENUES AND EXPENSES
Years Ended June 30, 1990 and 1991
(In Thousands)

	Expenses	
	1990	1991
Respite services:		
Bedded and nursed	\$ 2,021	\$ 2,026
Intensive care unit	2,131	1,913
Nursery	597	447
Skilled nursing facility	451	356
	<u>\$ 6,200</u>	<u>\$ 6,342</u>
Auxiliary services:		
Anesthesia	20	-
Anesthesiology	2,185	2,827
Cancer Treatment center	1,336	1,086
Cardiac catheterization	3,287	484
Cardiopulmonary diagnostic lab and rehab	1,859	1,987
Central supply	5,484	4,188
Communication disorders	869	483
GI room	2,168	2,163
Infirmary room	1,014	888
Emergency room	1,463	1,931
Emergency room physician	2,824	4,883
Home health	1,447	2,025
Hypertensive medicine	1,363	1,082
Inhalation therapy	2,126	4,924
Intravenous therapy	1,399	1,117
Laboratory	8,479	8,154
Medical imaging	3,126	4,182
MRI	1,156	833
Nuclear medicine	445	1,283
Oncology	138	332
Operating room	6,688	6,857
Pain management	20	15
Pharmacy	18,827	8,823
Physical therapy	518	441
Physician assistant	38	-
Palmarmy family	541	535
Recovery room	1,135	1,081
Rural health clinics	97	115
Social services	42	48
	<u>\$ 48,123</u>	<u>\$ 61,588</u>
	<u>\$ 78,123</u>	<u>\$ 68,123</u>

Direct Operating Expenses		Maintenance Costs (Wreck)	
1958	1957	1958	1957
\$ 1,304	\$ 1,001	\$ 435	\$ 405
1,139	917	961	898
512	318	175	211
65	21	37	13
<u>\$ 3,020</u>	<u>\$ 2,257</u>	<u>\$ 1,608</u>	<u>\$ 1,527</u>
174	9	679	189
174	559	2,129	2,313
244	240	892	506
517	245	2,180	1,949
433	238	2,826	1,289
764	764	4,290	4,832
227	181	242	212
172	180	2,154	1,865
191	684	223	217
1,041	959	824	942
2,409	2,345	614	507
182	611	904	1,214
686	687	653	565
141	679	4,243	4,242
21	25	1,078	1,085
1,429	1,359	4,820	4,395
2,028	2,280	2,288	2,800
144	141	288	412
149	280	244	315
162	150	54	12
2,855	2,485	2,843	4,222
-	-	20	15
2,145	2,180	8,289	7,298
277	254	243	187
140	33	(83)	(32)
123	241	248	254
283	260	840	844
254	480	(144)	(28)
185	122	(142)	(88)
<u>\$ 29,124</u>	<u>\$ 28,246</u>	<u>\$ 50,168</u>	<u>\$ 43,844</u>
<u>\$ 24,276</u>	<u>\$ 24,241</u>	<u>\$ 51,272</u>	<u>\$ 45,842</u>

(Continued)

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

SCHEDULE OF DEPARTMENTAL REVENUE AND EXPENSE (CONTINUED)
Years Ended June 30, 1998 and 1997
(In Thousands)

	Revenues Over (Under)	
	Direct Operating Expenses 1998	1997
Revenues over direct operating expenses (forwarded)	\$ 50,177	\$ 45,825
allowance	(30,179)	(24,834)
Other operating revenues	_____880	_____282
	<u>\$ 20,898</u>	<u>\$ 21,273</u>
Operating expenses:		
General services	\$ 3,988	\$ 3,726
Fiscal and administrative services	6,480	6,822
Depreciation	3,660	3,601
Interest	879	764
Provision for uncollectible accounts	_____1,256	_____2,889
	<u>\$ 16,263</u>	<u>\$ 17,802</u>
Excess of hospital operating revenues over expenses	<u>\$ 4,635</u>	<u>\$ 3,471</u>

DELAWARE GENERAL HOSPITAL TRUST AUTHORITY AND
HOSPITAL SERVICE DISTRICT NO. 2 OF
ST. LOUIS PARISH, LOUISIANA

SCHEDULE OF OTHER OPERATING REVENUES AND ALLOWANCES
Years Ended June 30, 1998 and 1997
(In Thousands)

	1998	1997
Other operating revenues:		
Cafeteria	\$ 277	\$ 218
Support services - Optimum Rehabilitation	191	193
Medical management services	27	6
Miscellaneous	53	35
Outside housekeeping and laundry services	38	48
Outside dialysis	32	27
Nutritional counseling	45	32
	<u>\$ 866</u>	<u>\$ 569</u>
Allowances:		
Administrative adjustments	\$ 108	\$ 49
Kins Cross discounts	1,263	876
Charity allowances	605	387
Government contractual allowances	28,014	32,186
Managed care allowances	3,732	2,886
	<u>\$ 31,722</u>	<u>\$ 38,384</u>

SPLOUMAS GENERAL HOSPITAL TRUST AUTHORITY AND
HOSPITAL SERVICE DISTRICT NO. 7 OF
ST. LOUIS PARISH, LOUISIANA

SCHEDULE OF DEPARTMENTAL OPERATING EXPENSES
Years Ended June 30, 1998 and 1997
(In Thousands)

	Salaries		Physician Fees	
	1998	1997	1998	1997
Routine services:				
Medical and surgical	\$ 2,345	\$ 2,347	\$ -	\$ -
Intensive care unit	405	327	-	-
Barbery	240	240	-	-
Skilled nursing facility	238	235	22	26
	<u>\$ 3,228</u>	<u>\$ 3,149</u>	<u>\$ 22</u>	<u>\$ 26</u>
Auxiliary services:				
Anesthesiology	\$ -	\$ 87	\$ 67	\$ 65
Cancer treatment center	249	283	-	-
Cardiac catheterization	57	-	-	-
Cardiovascular diagnostic lab and rehab	184	184	184	225
Central supply	181	170	-	-
Communication disorders	139	130	8	26
CT scan	154	86	-	-
Delivery room	602	466	-	-
Emergency room	682	756	-	-
Emergency room physician	8	-	1,321	1,242
Home health	151	187	-	-
Hypertensive medicine	-	-	-	-
Inhalation therapy	433	413	100	39
Intravenous therapy	-	-	-	-
Laboratory	149	159	79	73
Medical imaging	622	628	2	2
MRI	-	-	-	-
Nuclear medicine	65	58	-	-
Oncology	113	180	141	129
Operating room	828	726	-	-
Pain management	-	-	-	-
Pharmacy	448	413	-	-
Physical therapy	154	181	-	-
Physician assistant	189	17	-	-
Pulmonary function	219	188	17	19
Recovery room	221	281	-	-
Rural health clinics	167	239	-	-
Social services	180	85	-	-
	<u>\$ 1,373</u>	<u>\$ 1,673</u>	<u>\$ 1,865</u>	<u>\$ 1,868</u>

Employee Benefits		Other Expenses		Totals	
1988	1987	1988	1987	1988	1987
\$ 474	\$ 385	\$ 282	\$ 274	\$ 3,368	\$ 5,811
169	123	48	48	1,370	912
94	67	35	33	332	318
97	61	19	31	486	361
<u>234</u>	<u>206</u>	<u>102</u>	<u>108</u>	<u>5,156</u>	<u>4,382</u>
\$ 1	\$ 16	\$ 182	\$ 200	\$ 176	\$ 509
67	38	248	238	244	380
68	-	350	285	513	285
31	35	10	84	422	518
34	26	648	568	186	266
29	31	37	16	887	190
20	14	248	200	179	308
114	78	75	68	391	604
150	128	89	76	1,861	928
3	-	31	48	1,810	1,582
103	98	189	125	265	831
		885	887	886	887
81	64	150	127	261	428
-	-	21	38	50	28
142	118	856	647	1,828	1,128
185	166	388	247	1,218	1,880
-	-	648	261	588	361
12	10	188	187	188	280
12	14	6	6	187	258
182	188	1,988	1,545	2,825	2,426
-	-	-	-	-	-
88	88	1,287	1,488	2,122	2,128
61	33	18	20	177	254
188	1	18	18	160	18
45	51	27	23	125	262
42	34	38	12	288	218
23	42	87	14	256	428
24	18	38	28	188	132
<u>\$ 1,415</u>	<u>\$ 1,173</u>	<u>\$ 8,622</u>	<u>\$ 8,322</u>	<u>\$ 18,124</u>	<u>\$ 18,165</u>

(Continued)

OPLOUSAS GENERAL HOSPITAL TRUST ACTIVITY AND
HOSPITAL SERVICE DISTRICT NO. 2 OF
ST. LOUISY PARISH, LOUISIANA

SCHEDULE OF DEPARTMENTAL OPERATING EXPENSES (CONTINUED)
Years Ended June 30, 1998 and 1997
(In Thousands)

	<u>Salaries</u>	
	<u>1998</u>	<u>1997</u>
General services:		
Biomedical services	60	4
Dietary	433	410
Housekeeping	943	909
Laundry and linen	123	907
Performance improvement	908	413
Plant engineering	229	278
Security	-	-
	<u>\$ 1,696</u>	<u>\$ 1,008</u>
Financial and administrative services:		
Accounting/reimbursement	102	104
Administration	251	232
Advertising	143	173
Business affairs	318	338
Communications	78	78
Continuous quality improvement	34	34
Controller	203	149
External affairs	24	29
Health information services/quality assurance	434	444
Risk Insurance	75	62
Industrial medicine	73	72
Information technology	122	112
Marketing	39	34
Medical management services	37	11
Medical staff relations/physician development	23	24
Property and liability insurance	-	-
Public relations	26	31
Safety	61	67
Sales Taxes	-	-
Volunteer services	25	21
	<u>\$ 2,242</u>	<u>\$ 2,118</u>

Employee Benefits		Other Expenses		Totals	
1998	1997	1998	1997	1998	1997
\$ 10	\$ -	\$ 21	\$ -	\$ 31	\$ -
81	69	352	317	433	386
100	85	118	320	218	406
20	15	124	308	264	323
50	66	25	51	415	324
44	45	1,117	893	1,161	1,308
-	-	162	148	322	148
<u>\$ 350</u>	<u>\$ 295</u>	<u>\$ 1,805</u>	<u>\$ 1,718</u>	<u>\$ 1,808</u>	<u>\$ 1,718</u>
\$ 44	\$ 32	\$ 49	\$ 45	\$ 228	\$ 221
44	36	581	712	1,296	1,060
27	20	19	29	109	162
54	55	270	194	663	629
10	12	188	245	212	287
30	5	4	2	48	41
39	31	18	10	262	220
5	5	3	4	12	10
85	79	204	281	149	803
14	10	82	77	171	148
15	13	12	7	104	79
47	52	143	203	265	407
10	8	88	34	161	113
17	2	13	2	116	77
4	6	182	875	287	809
-	-	162	344	380	244
7	6	-	-	68	83
12	11	4	5	77	83
-	-	18	18	18	18
4	5	27	20	62	57
<u>\$ 424</u>	<u>\$ 382</u>	<u>\$ 3,072</u>	<u>\$ 2,734</u>	<u>\$ 3,420</u>	<u>\$ 3,172</u>

SPLOUSAS GENERAL HOSPITAL TRUST AUTHORITY AND
HOSPITAL SERVICE DISTRICT NO. 2 OF
ST. LOUIS PARISH, LOUISIANA

DEPARTMENTAL STATISTICS
Years Ended June 30, 1988 and 1987

	1988	1987
Beds licensed:		
Acute care	159	159
Skilled nursing facility	<u>33</u>	<u>33</u>
Total	<u>192</u>	<u>192</u>
Percentage of occupancy for staff beds in service:		
Acute care	60,902	58,822
Skilled nursing facility	66,362	60,712
Percentage of gross patient service revenues:		
Medicare	518	529
Medicaid	89	80
All other	<u>89</u>	<u>88</u>
	<u>1,006</u>	<u>1,007</u>
Discharges:		
Acute care	5,419	4,887
Skilled nursing	<u>279</u>	<u>216</u>
Total	<u>5,698</u>	<u>5,103</u>
Patient days in care:		
Medical and surgical	39,847	49,316
Intensive care	<u>2,588</u>	<u>1,873</u>
Acute care subtotal	42,435	51,189
Nursery	1,888	1,289
Skilled nursing facility	<u>2,349</u>	<u>2,381</u>
Total	<u>46,672</u>	<u>54,859</u>

(Continued)

OPELOUSAS GENERAL HOSPITAL TRUST ACCOUNTS AND
HOSPITAL SERVICE DISTRICT NO. 7 OF
ST. LANDRY PARISH, LOUISIANA

DEPARTMENTAL STATISTICS (CONTINUED)
Years Ended June 30, 1958 and 1957

	1958	1957
Surgeries:		
Inpatient	2,323	2,236
Outpatient	<u>2,988</u>	<u>2,210</u>
Total	<u>5,311</u>	<u>4,446</u>
Deliveries	716	673
Procedures:		
Laboratory	228,412	285,473
Radiology	27,851	27,713
GI exam	3,762	3,209
Nuclear medicine	1,871	1,810
MRI	1,238	803
Radiation therapy	4,473	3,268
Heart catheterization	387	149
Hyperbaric oxygen	2,720	2,379
Physical therapy	9,006	8,673
Outpatient visits:		
Emergency room	21,530	20,461
Other outpatient clinic	<u>22,527</u>	<u>22,220</u>
Total	<u>44,057</u>	<u>42,681</u>
Home Health visits	23,789	27,828

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
 STRUCTURE BASED ON AN ASSESSMENT OF GENERAL PURPOSE
 FINANCIAL STATEMENTS PREPARED BY ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

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

We have audited the consolidated financial statements of Opelousas General Hospital as of and for the year ended June 30, 1998, and have issued our report thereon dated November 9, 1998.

We have 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 general purpose financial statements are free of material misstatements.

The management of Opelousas 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 costs 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 of policies and procedures may deteriorate.

Modified Opinions Issued on
 Financially Distressed Companies
 and on Bankruptcy Estates
 (SARs)

Board of Trustees
Opelousas General Hospital Trust Authority
and Board of Commissioners
Hospital Service District No. 3
St. Landry Parish, Louisiana

In planning and performing our audit of the consolidated financial statements of Opelousas General Hospital for the year ended June 30, 1998, 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 consolidated 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 internal control structure elements does 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 did not note any matters involving the internal control structure and its operation that we considered to be material weaknesses as defined above.

This report is intended for the information of the Board of Trustees, management, and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Broussard, Roche, Davis & Bureau, L.L.P.

Opelousas, Louisiana
November 9, 1998



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
 BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
 STATEMENTS PERFORMED IN ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

**Board of Trustees
 Opelousas General Hospital Trust authority
 and Board of Commissioners
 Hospital Service District No. 2
 201 Landry Parish, Louisiana**

We have audited the consolidated financial statements of Opelousas General Hospital, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 9, 1999.

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.

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

The results of our tests did not disclose any instances of noncompliance that are required to be reported under Government Auditing Standards.

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

This report is intended for the information of the Board of Trustees, management, and the Legislative Bodies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Broussard, Parks, Lewis & Thomas L.L.P.

Opelousas, Louisiana
November 9, 1995