

Delroy G. Lester, CPA
John S. Wells, CPA
Robert D. Miller, CPA
Paul A. Deberry, CPA

Paul G. Matthews, CPA
Melissa L. Sawyer, CPA

LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

1000 BAYOU BARRON BOULEVARD
ALEXANDRIA, LOUISIANA 71304

Telephone (504) 885-1100
Facsimile (504) 885-1104

Members

American Institute of CPAs
Society of Louisiana CPAs

Mailing Address
P.O. Box #788

Alexandria, LA 71304-1788

Independent Auditor's Report

To the Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee
New Roads, Louisiana

We have audited the accompanying general purpose financial statements of Hospital Service District No. 1, Parish of Pointe Coupee, (the Pointe Coupee General Hospital), as of and for the years ended October 31, 1999, 1998 and 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

We conducted our audits 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 general purpose 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of Pointe Coupee General Hospital as of October 31, 1999, 1998 and 1997, and the results of its operations and cash flows of its proprietary fund 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 January 14, 2000 on our consideration of Pointe Coupee General Hospital's internal control structure and on its compliance with laws and regulations.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee
Page Two

The Hospital has not presented the disclosures required by Governmental Accounting Standards Board Technical Bulletin 99-1, "Disclosures about Year 2000 issues," as amended by Governmental Accounting Standards Board Technical Bulletin 99-1, that the Governmental Accounting Standards Board has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the Hospital is or will become Year 2000 compliant; whole or in part; or that parties with which the Hospital does business are or will become 2000 compliant.



Certified Public Accountants

January 14, 2000

Pointe-Coupee Parish Hospital Service District No. 1
Balance Sheets - Unrestricted Funds
October 31, 1999, 1998 and 1997

Assets	1999	1998	1997
Current assets:			
Cash and cash equivalents (Note 5)	\$ 1,871,057	\$ 1,134,470	\$ 913,842
Assets limited as to use - required for current liabilities (Note 5)	67,254	66,896	63,803
Patient accounts receivable, net of estimated uncollectibles of \$655,234, \$628,030 and \$522,060 for the years ended 1999, 1998 and 1997, respectively (Note 7)	1,481,824	1,894,208	2,094,367
Receivables - third party payors	-	-	60,083
Other receivables	47,669	116,503	135,477
Sales tax receivable (Note 8)	65,141	602,729	601,267
Notes receivable, current maturities	9,894	12,489	31,243
Inventory	253,336	274,547	294,599
Prepaid expenses and deposits	85,006	68,324	138,094
Total current assets	3,800,065	3,028,660	3,768,409
Assets limited as to use (Note 6)	2,140,918	2,083,592	2,718,954
Property and equipment, net (Note 10)	3,650,287	3,475,420	3,117,762
Other assets			
Investments	3,748,710	2,527,548	2,620,110
LHA investment	222,380	121,646	60,658
Notes receivable, long term maturities	-	3,594	3,648
Total assets	\$18,360,320	\$18,220,863	\$18,330,688

See accompanying notes to financial statements.

Pointe Coupee Parish Hospital Service District No. 1
Balance Sheets - Unrestricted Funds (Continued)
October 31, 1996, 1995 and 1997

Liabilities and Fund Balance	1996	1995	1997
Current liabilities			
Accounts payable	\$ 612,894	\$ 358,269	\$ 379,433
Accrued expenses, benefits and salaries (Note 10)	550,252	511,854	436,885
Current portion of capital lease obligations (Note 14)	-0-	3,430	3,430
Current portion of note payable (Note 16) lease financing (Note 15)	-0-	75,800	-0-
Payable to third party payors	224,068	287,898	-0-
Total current liabilities	1,607,174	1,133,879	1,668,568
Capital lease obligations, excluding current portion (Note 14)	-0-	-0-	3,400
Note payable, excluding current portion (Note 16)	-0-	885,000	-0-
Commitments and contingencies (Note 20)	-0-	-0-	-0-
Fund balance - unrestricted	18,773,126	19,008,284	14,843,580
Total liabilities and fund balance	21,388,350	21,028,863	17,515,548

See accompanying notes to financial statements.

Pointe Coupee Parish Hospital Service District No. 1
Statements of Operations - Unrestricted Funds
For the Years Ended October 31, 1998, 1997 and 1996

	1998	1997	1996
Net patient service revenue (Note 4)	\$ 8,585,108	\$15,363,344	\$ 9,857,688
Other revenue (includes sales tax revenue of \$1,143,195, \$1,155,109 and \$1,708,952 in 1998, 1997 and 1997, respectively)	1,254,221	1,295,189	1,018,139
Total revenue	\$1,240,329	11,658,530	\$1,075,825
Expenses			
Salaries and benefits	4,568,365	4,735,433	4,230,675
Medical supplies and drugs	1,148,421	1,283,979	1,187,731
Insurance	238,801	147,462	275,462
Depreciation	688,838	620,501	478,424
Interest	6,850	52,431	25,672
Provision for bad debts	587,663	820,714	895,153
Other expenses	3,843,221	3,348,512	2,857,289
Total expenses	23,850,732	20,921,642	19,864,376
Operating income (loss)	___,260,523	___,732,488	1,011,461
Nonoperating income (loss)			
Income on investments whose use is limited	152,716	263,176	187,389
Other investment income	298,587	188,895	137,762
Contributions and grants	-0-	152,311	179,800
Gain (loss) on disposal of equipment	24,797	1,054	4,759
Payments to Police Jury	___(81,200)	___(85,648)	___(85,048)
Nonoperating income, net	___384,300	___428,538	___434,510
Increase in unrestricted fund balance	\$___,254,812	\$___,1,394,426	\$___,2,245,271

See accompanying notes to financial statements.

Pointe-Coupee Parish Hospital Service District No. 1
 Statements of Cash Flows - Unrestricted Funds
 For the Years Ended October 31, 1999, 1998 and 1997

	1999	1998	1997
Cash flows from operating activities			
Operating income (loss)	\$ 380,572	\$ 737,488	\$ 1,811,451
Interest expense considered capital financial activity	8,890	52,431	25,972
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	688,838	825,521	475,404
Provision for bad debts	687,863	826,714	895,158
LHA Trust allocation	-	(20,557)	(5,425)
Contributions and grants	-	102,211	179,650
Changes in			
Patient accounts receivable	(514,988)	(688,651)	(1,738,730)
Estimated third party payer receivables/payables	(63,008)	355,149	(162,506)
Other receivables	67,264	19,544	(15,151)
Sales tax receivables	7,078	(1,403)	73,800
Inventories	21,611	(20,008)	(25,312)
Prepaid expense	(15,876)	87,770	(21,703)
Accounts payable	668,800	(25,074)	(88,613)
Accrued liabilities	34,893	71,268	(13,520)
Notes payable	(860,000)	14,408	845,600
Health insurance reserves	5,852	12,163	(41,575)
Net cash provided (used) by operating activities	-1,084,351	-2,235,137	-2,301,280
Cash flows from investing activities			
LHA Insurance Trust	(120,965)	(14,425)	4,233
Income on investments whose use is limited	152,718	205,170	167,389
Other investment income	208,587	158,595	137,752
Assets whose use is limited	1,542,674	(588,964)	(243,426)
Unrestricted investment in U.S. T-Bills	(1,218,194)	292,504	(149,958)
Proceeds of notes receivable	12,487	12,655	2,113
Net cash used by investing activities	\$ 282,405	\$ 70,838	\$ (151,885)

See accompanying notes to financial statements.

Pointe Coupee Parish Hospital Service District No. 1
 Statements of Cash Flows - Unrestricted Funds (Continued)
 For the Years Ended October 31, 1999, 1998 and 1997

	1999	1998	1997
Cash flows from noncapital financing activities			
Payments to Police Jury	\$ (91,200)	\$ (85,000)	\$ (85,000)
Net cash provided by noncapital financing activities	___(91,200)	___(85,000)	___(85,000)
Cash flows from capital and related financing activities			
Interest paid on long-term debt	(6,052)	(22,431)	(22,872)
Purchase of property and equipment	(341,457)	(1,364,164)	(1,358,044)
Principal payments on capital leases	-0-	(3,430)	(3,430)
Gain (loss) on disposal of equipment	___24,157	___1,053	___4,739
Net cash provided (used) by capital and related activities	___(623,392)	(2,028,942)	(2,028,367)
Net increase (decrease) in cash	436,632	221,433	43,949
Beginning cash and cash equivalents	_1,124,475	___913,042	___869,094
Ending cash and cash equivalents	\$ 1,571,097	\$ 1,134,475	\$ 913,042
Supplemental disclosures of cash flow information			
Cash paid during the year for interest	\$ ___6,052	\$ ___22,431	\$ ___22,872

See accompanying notes to financial statements.

Pointe Coupee Parish Hospital Service District No. 1
 Statements of Changes in Fund Balance
 For the Years Ended October 31, 1996, 1997 and 1997

	Unrestricted Funds	Donor-Restricted Funds
Fund balance, October 31, 1996	\$ 17,997,689	\$ 33,589
Grants received in year ended October 31, 1997	-0-	64,564
Interest on grant funds received	-0-	1,408
Transfers to general fund - other revenues	-0-	(43,689)
Excess of revenues over expenses	2,345,971	-0-
Fund balance, October 31, 1997	18,843,660	65,949
Transfers to general fund - other revenues	-0-	(48,540)
Excess of revenues over expenses	1,154,426	-0-
Fund balance, October 31, 1998	18,088,234	-0-
Excess of revenues over expenses	754,872	-0-
Fund balance, October 31, 1999	\$ 18,753,106	\$ -0-

See accompanying notes to financial statements.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 1999, 1998 and 1997

NOTE 1 - ORGANIZATION AND OPERATIONS

Organization - Pointe Coupee Hospital Service District No. 1 (referred to herein as "Pointe Coupee General Hospital" or the "District") was created by an ordinance of the Pointe Coupee Parish Police Jury on June 5, 1979. The District's area includes all of Pointe Coupee Parish, Louisiana.

As governing authority for the parish, for reporting purposes, the Pointe Coupee Parish Police Jury is the financial reporting entity for Pointe Coupee Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the financial reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

Because the police jury appoints all commissioners of the Pointe Coupee Parish Hospital Service District No. 1, the District has been determined to be a component unit of the Pointe Coupee Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general governmental services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Nature of Business - The District provides outpatient, emergency and inpatient acute hospital services, as well as home health care services. It also provides services to the parish ambulance service, health unit, mental health unit, substance abuse unit and the Council on Aging.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of significant accounting policies.

Financial Reporting Entity - The accompanying financial statements of Pointe Coupee General Hospital present the financial position, the results of operations and the cash flow of the proprietary fund type.

Pointe-Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 1999, 1998 and 1997

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Proprietary Fund Types—Enterprise Fund - The accounts of the District are organized into two proprietary fund types which include the hospital operations and the remaining operations. The operations of the proprietary funds are accounted for by providing a set of self-balancing accounts which is comprised of assets, liabilities, fund balance, revenues and expenses.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues/expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. All proprietary funds are accounted for using the accrual basis of accounting. Accordingly, revenues are reported when earned (rather than when received) and expenses are reported when incurred (rather than when paid).

Statement of Revenues and Expenses of General Funds - For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses.

Net Patient Service Revenue - Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care - The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Investments and Investment Income - Investment income from general fund investments is reported as a nonoperating gain.

The District considers its unvested cash and investments with original maturities in excess of 90 days to be an investment.

Income Taxes - The District's income is exempt from taxation due to its governmental status.

Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation.

Pointe-Claire Parish Hospital Service (District No. 1)
Notes to Financial Statements
For the Years Ended October 31, 1990, 1989 and 1987

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets Limited as to Use - Assets limited as to use is composed of assets set aside by the Board of Commissioners for future capital improvements and for third-party payor contingencies over which the Board retains control and may, at its discretion, subsequently use for other purposes. Assets limited as to use that are required for obligations classified as current liabilities are reported in current assets.

Allowance for Doubtful Accounts - The District establishes an estimated allowance for doubtful accounts which determines estimated collectibility based upon an aging of accounts receivable.

Inventory - Inventory is valued at the lower of cost or market value. Cost is determined by the first-in, first-out method.

Property and Equipment - Property and equipment acquisitions are recorded at cost for assets purchased and if donated, at fair market value on the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital leases is amortized over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. The useful lives of property and equipment for the purpose of computing depreciation as established by the American Hospital Association are: buildings-25 to 40 years; machinery and equipment-5 to 30 years; furniture and fixtures-5 to 15 years.

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently.

NOTE 3 - CHARITY CARE

The District maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of these services and supplies, and equivalent services statistics. The following information measures the level of charity care provided during the years ended October 31, 1990, 1989 and 1987.

	1990	1989	1987
Charges forgone, based on established rates	\$ 287,382	\$ 206,873	\$ 200,907
Estimated costs and expenses incurred to provide charity care	\$ 200,057	\$ 180,950	\$ 173,057
Equivalent percentage of charity care patients to all patients served	2.0%	2.0%	2.1%

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 1996, 1995 and 1997

NOTE 4 - NET PATIENT SERVICE REVENUE

The District has agreements with third-party payors that provide for payments to the District 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 and capital cost 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. Certain outpatient services related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District'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 District. The District's Medicare cost reports have been examined by the Medicare fiscal intermediary through October 31, 1997. The intermediary may reopen and further adjust any year within three years of the date of a Notice of Program Reimbursement.

Medicaid - Effective July 1, 1994, the Medicaid program provided inpatient reimbursement at a prospective per diem rate. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The District is reimbursed for outpatient services at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been examined by the Medicaid fiscal intermediary through October 31, 1995. The intermediary may reopen and further adjust any year within three years of the date of a Notice of Program Reimbursement.

Blue Cross - Inpatient services rendered to Blue-Cross subscribers are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retroactive adjustment.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of October 31, 1996, 1995 and 1997, consisted of funds in interest bearing checking accounts which are insured against loss by the Federal Deposit Insurance Corporation and/or secured by a pledge of Federal and Louisiana debt securities.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 1999, 1998 and 1997

NOTE 6 - ASSETS LIMITED AS TO USE

Assets limited as to use are summarized below. Investments are stated at cost that approximates market.

	1999	1998	1997
Limited by board for capital improvements	\$ 1,463,212	\$ 2,278,567	\$ 2,073,251
Limited by board for third-party payroll contingencies	630,638	660,400	645,723
Limited by board for debt repayment	28,148	14,546	0-
Limited by agreement - Health Insurance	57,288	80,008	53,903
	2,186,126	3,049,661	2,772,857
Less assets for current use	(57,204)	(86,065)	(153,903)
Total	\$ 2,128,922	\$ 2,963,596	\$ 2,618,954

NOTE 7 - PATIENT ACCOUNTS RECEIVABLE

A summary of patient accounts receivable is presented below.

	1999	1998	1997
Hospital patient receivables	\$ 1,832,556	\$ 2,002,070	\$ 1,706,670
Home-Health patient receivables	394,308	481,220	560,231
	2,026,864	2,483,290	2,646,901
Less estimated uncollectibles	(568,234)	(628,000)	(568,000)
Total	\$ 1,458,630	\$ 1,855,290	\$ 2,078,901

A summary of gross Medicare and Medicaid charges follows:

	1999	1998	1997
Medicare patients	\$ 4,378,162	\$ 4,782,247	\$ 4,031,830
Medicaid patients	1,662,980	1,462,668	1,389,664
Total	\$ 6,041,142	\$ 6,244,915	\$ 5,421,494
Percent of all patients	42%	46%	52%

NOTE 8 - SALES TAX RECEIVABLE

On September 28, 1984, a 1% sales tax was renewed by the citizens of the parish for an indefinite term. The resolution provides that 50% of such tax shall be dedicated to the District. These tax revenues are distributed to the parish Council on Aging (\$6,250 per month) and the parish Coroner's Office (\$2,333 per month). The remaining tax revenues are designated by the District to be distributed to Hospital operations (70%), the parish health unit (27% with a maximum of \$3,000 per month) and the parish mental health unit (3% with a maximum of \$400 per month).

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 1999, 1998 and 1997

NOTE 8.- SALES TAX RECEIVABLE (Continued)

The citizens of the parish approved an additional .25% sales tax for the hospital's operations that remains in effect through May 3, 2007.

Sales tax receivable consists of \$95,141, \$102,720 and \$101,287 of sales taxes collected by the parish in October 1998, 1999 and 1997, respectively, and remitted to the District in November 1998, 1999 and 1997, respectively.

NOTE 9.- NOTES RECEIVABLE

Notes receivable consist of a note dated August 15, 1997, due from a physician. It is being amortized over 36 months and bears no interest.

NOTE 10.- PROPERTY AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation for the year ended October 31, 1999

	ASSET COST			October 31, 1999
	October 31, 1999	Additions	Deletions	
Land	\$ 1,288,857	\$ -0-	\$ 16,000	\$ 1,272,857
Land improvements	119,726	-0-	3,890	115,736
Buildings & improvements	8,327,208	65,040	158,042	8,234,166
Equipment	5,526,048	768,810	2,208,896	4,018,182
Work in process	-0-	13,211	-0-	13,211
Total	\$15,262,369	\$ 867,061	\$ 2,483,838	\$13,645,592

ACCUMULATED DEPRECIATION

	ACCUMULATED DEPRECIATION			October 31, 1999
	October 31, 1999	Additions	Deletions	
Land	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Land improvements	76,717	7,445	3,085	80,178
Buildings & improvements	2,632,898	291,717	103,442	2,811,133
Equipment	4,077,363	377,424	2,208,369	2,246,488
Total	\$ 6,784,038	\$ 666,636	\$ 2,414,797	\$ 5,035,877

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 1999, 1998 and 1997

NOTE 12 - PROPERTY AND EQUIPMENT (Continued)

The following is a summary of property, plant and equipment and related accumulated depreciation for the year ended October 31, 1998.

	ASSET COST			October 31, 1998
	October 31, 1997	Additions	Deletions	
Land	\$ 229,229	\$ 1,995,658	\$ -0-	\$ 1,286,867
Land improvements	114,320	5,508	-0-	119,798
Buildings & improvements	7,735,224	591,982	-0-	8,327,206
Equipment	4,189,528	329,000	-0-	4,526,548
Total	\$13,270,159	\$ 2,922,148	\$ -0-	\$16,202,361
	ACCUMULATED DEPRECIATION			
	October 31, 1997	Additions	Deletions	October 31, 1998
Land	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Land improvements	89,804	7,913	-0-	97,717
Buildings & improvements	2,593,820	342,238	-0-	2,936,058
Equipment	3,783,992	376,323	-0-	4,160,315
Total	\$ 4,467,616	\$ 726,523	\$ -0-	\$ 5,194,139

The following is a summary of property, plant and equipment and related accumulated depreciation for the year ended October 31, 1997.

	ASSET COST			October 31, 1997
	October 31, 1996	Additions	Deletions	
Land	\$ 219,829	\$ 9,600	\$ -0-	\$ 229,229
Land improvements	108,662	5,568	-0-	114,320
Buildings & improvements	5,445,416	2,295,508	-0-	7,735,224
Equipment	4,889,125	599,403	-0-	5,189,528
Total	\$13,352,032	\$ 2,905,567	\$ -0-	\$13,270,159

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 1998, 1999 and 1997

NOTE 10 - PROPERTY AND EQUIPMENT (Continued)

	ACCUMULATED DEPRECIATION			
	October 31, 1998	Additions	Deletions	October 31, 1997
Land	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Land Improvements	61,800	6,045	-0-	67,845
Buildings & Improvements	2,200,875	186,745	-0-	2,387,620
Equipment	3,483,213	378,769	-0-	3,861,982
Total	\$ 5,887,947	\$ 472,479	\$ -0-	\$ 6,360,412

The District follows the policy of capitalizing interest as a component cost of property, plant, and equipment constructed for its own use. In 1997, total interest incurred was \$30,307, of which \$14,355 was capitalized.

NOTE 11 - INVESTMENTS (including Limited Use)

Investments are classified as Held-to-Maturity securities and are therefore reported at amortized cost of any premium or discount as market declines are deemed temporary.

An analysis of security types at October 31, 1999 follows:

	Amortized Cost	Fair Value
Debt securities issued by the U. S. Treasury and other U. S. Government Corporations and agencies	\$ 3,351,323	\$ 3,320,069
Louisiana Asset Management Pool, Inc.	\$ 2,313,631	\$ 2,313,631

An analysis of security types at October 31, 1998 follows:

Debt securities issued by the U. S. Treasury and other U. S. Government Corporations and agencies	\$ 4,465,293	\$ 4,587,928
Louisiana Asset Management Pool, Inc.	\$ 682,150	\$ 682,150

An analysis of security types at October 31, 1997 follows:

Debt securities issued by the U. S. Treasury and other U. S. Government Corporations and agencies	\$ 2,009,509	\$ 2,100,459
---	--------------	--------------

Fair values are based upon quoted market prices.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 1999, 1998 and 1997

NOTE 12 - ACCRUED EXPENSES, BENEFITS AND SALARIES

A summary of accrued expenses follows:

	1999	1998	1997
Salaries and wages	\$ 176,400	\$ 158,705	\$ 141,684
Compensated absences	245,089	223,352	192,800
Payroll taxes and withholdings	107,752	128,707	105,593
Total accrued expenses	\$ 529,241	\$ 510,764	\$ 439,977

NOTE 13 - COMPENSATED AGENCIES

Upon completion of six months of employment, employees are eligible for paid time off (PTO). The amount in which each employee is entitled varies depending upon the job classification, length of service, number of hours worked each week and other factors. A maximum of 200 hours may be carried over from year to year. Any excess must be paid or used by January 31, of a subsequent year. Vested PTO time has been recorded as a liability in the accompanying financial statements at the payroll rates in effect at the balance sheet date.

NOTE 14 - CAPITAL LEASES

A lease purchase obligation to an instrumentation laboratory for a blood gas machine was entered into on March 29, 1999. The agreement calls for annual payments of \$3,400 and a four year term.

NOTE 15 - INTERIM FINANCING

Under the terms of a line of credit agreement with Regions Bank, dated December 9, 1998, the District borrowed \$247,918 at 5.255% due September 15, 1997. Funds from these borrowings were used for the construction of the horse health and physical therapy buildings.

NOTE 16 - NOTE PAYABLE

Notes payable consist of a 5.445% note to Peoples Bank and Trust Company of Pointe Coupee, Inc. requiring semi-annual installments through November 1, 2007, and secured by pledge of the excess annual revenues from the general fund. The note payable was paid in full in 1999.

NOTE 17 - PENSION PLAN

The District participates in the Parochial Employees' Retirement System (a contributory, governmental and multi-employer plan). Although the plan is obligated to the District's employees under a defined benefit formula, the District is obligated to the plan for a defined contribution amount (8.25% of gross wages in 1995, 8% of gross wages after December 31, 1995 and 7.75% of gross wages after December 31, 1996). Employees also contribute 0.5% of salary to the plan. The District's pension plan expenses were \$288,000, \$280,028, and \$268,268 in 1999, 1998 and 1997, respectively.

Pointe-Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 1999, 1998 and 1997

NOTE 17 - PENSION PLANS (Continued)

There is no age exclusion for participation in the pension plans. An employee is vested after 10 years of service. Withdrawal from the plan prior to the 10 years results in refund of only the employee contribution, without interest.

NOTE 18 - PROFESSIONAL LIABILITY RISK

The Louisiana Patient's Compensation Fund - The District participates in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide professional medical liability coverage to health care providers. The fund provides for \$400,000 of coverage per occurrence above the first \$100,000 per occurrence for which the District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of settlement for professional liability to \$500,000 per occurrence. Defense costs are not included in these amounts.

The Louisiana Hospital Association Trust Fund - The District's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for professional medical malpractice liability. The trust fund bills members in advance, based upon an estimate of their exposure. At year end, premiums are re-determined utilizing actual losses and expenses of the fund. Each year's retroactive assessment, if any, may not exceed the District's initial premium during the plan year. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are reported to member hospitals. The District has included these allocations and equity in the trust in its financial statements.

NOTE 19 - WORKMEN'S COMPENSATION

The District participates in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro-rata share of the resulting deficit. It is not possible to estimate the amount, if any, of additional assessments. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are pro-rated to member hospitals. The District has included these allocations and equity in the trust in its financial statements.

NOTE 20 - COMMITMENTS AND CONTINGENCIES

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

The principal contingencies are described below:

Operating Leases - Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred. Future minimum lease payments under noncancellable operating leases that have initial or remaining lease terms in excess of one year at October 31, 1997, consist of \$1,681 in the year ending October 31, 1999.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 1999, 1998 and 1997

NOTE 20 - COMMITMENTS AND CONTINGENCIES (Continued)

Total rental expense in the years ended October 31, 1999, 1998 and 1997, for operating leases and rentals was \$106,369, \$52,674 and \$57,322, respectively.

Management Agreement - Under the terms of a management agreement, the District is obligated for a fee of \$126,000 per year. The term of the agreement is indefinite. Either party may cancel the agreement upon thirty days notice to the other.

Third Party Cost-Based Revenues - The District is contingently liable for retrospective adjustments made by the Medicare and Medicaid programs as a result of their examinations, as well as, retrospective changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

Federal and state budget restraints are increasing the time period taken to pay Medicare and Medicaid claims and the Medicaid program is delaying payment of year-end settlements. These actions could result in decreased cash flow to the District.

Further, in order to continue receiving reimbursement from the Medicare and Medicaid programs, the District entered into an agreement with the Peer Review Organization (PRO) allowing PRO access to its Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. PRO has the ability to deny reimbursement for Medicare patient claims which have already been paid to the District.

Professional Liability Risk - The District is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund.

Workers's Compensation Risk - The District is contingently liable for assessments by the Louisiana Hospital Association Trust Fund.

Hill-Burton Uncompensated Service and Community Service Obligations - As a result of the Police Jury receiving a federal Hill-Burton program grant, the Hospital is required to provide a reasonable volume of uncompensated services (determined by a formula provided by the Federal government) to patients who are unable to pay for their medical care. Additionally, the grant requires the District to provide certain community services. During 1997, the District received certification under the Public Facility Compliance Alternative (PFCA). This certification allows the facility to operate its own free or reduced cost care program, without compliance reviews. During 1999, the District met its Uncompensated services obligation under the Public Facility Compliance Alternative.

Bonne Sante' Center Obligations - The Board of Commissioners of Pointe Coupee Parish Health Service District No. 1, with consent from the District Attorney's office, approved payments to the Pointe Coupee Parish Police Jury for reimbursement of the Bonne Sante' Center's expenditures. These payments are evaluated on a year to year basis. The District paid \$61,500, \$100,059 and \$117,737 for Bonne Sante' Center's expenditures in 1999, 1998 and 1997, respectively.

Payments to Police Jury - In November 1995 and March 1996 the hospital transferred \$85,000 (per year) to the Police Jury. During 1999 and 1998, the hospital transferred \$81,200 and \$45,650 respectively to the Police Jury for the District's portion of 911 services. The District stated that said transfers were funded from interest income.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 1999, 1998 and 1997

NOTE 20 - COMMITMENTS AND CONTINGENCIES (Continued)

Litigation - In the opinion of management and counsel, insurance is sufficient to cover any adverse legal determinations.

NOTE 21 - BOARD OF COMMISSIONERS

The following schedule presents a list of the members of the Board of Commissioners of Pointe Coupee General Hospital at October 31, 1999.

Mr. Max Vonburg, Chairman
Mr. Chris Dastley
Mr. James Roulander
Dr. Donald Coucorl, M.D.
Mr. Don A. Irving, Secretary
Mr. Nick Givens
Mr. John Gessaff
Mr. Maurice Picard, Vice Chairman
Dr. Carl McLamore

These commissioners serve the District without compensation, per diem or reimbursement of expenses, except actual cash out-of-pocket expenses incurred in the performance of their duties.

NOTE 22 - YEAR 2000 COMPUTER RISK

The Hospital's management is assessing the impact of the year 2000 on the various computers and equipment with computerized systems dates, but is currently unable to estimate a liability. The ability of outside organizations to deal with this problem could have a financial impact on the Hospital. No provisions are included in these financial statements at October 1, 1999.

Pointe Coupee Parish Hospital Service District No. 1
 Balance Sheets - Restricted Funds
 Specific Purpose Fund
 October 31, 1999, 1998 and 1997

	1999	1998	1997
ASSETS			
Cash and cash equivalents (Note 2)	\$ _____-0-	\$ _____-0-	\$ _____45,949
<u>LIABILITIES AND FUND BALANCE</u>			
Fund balance - Restricted	\$ _____-0-	\$ _____-0-	\$ _____45,949
Total liabilities and fund balance	\$ _____-0-	\$ _____-0-	\$ _____45,949

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
Specific Purpose Fund
For the Years Ended October 31, 1999, 1998 and 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Specific Purpose Fund - Resources restricted by donors or grantors for specific operating purposes are reported in a specific purpose fund when received and in the enterprise fund as non-operating gains to the extent used within the period.

This specific purpose fund was established to account for proceeds of grant funds to be used to develop health services in under-served or unserved areas of Louisiana.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Specific purpose funds are accounted for using the accrual basis of accounting. Accordingly, revenues are reported when earned (rather than when received) and expenses are reported when incurred (rather than when paid).

NOTE 2 - CASH AND CASH EQUIVALENTS

The checking account bears interest and is secured by the Federal Deposit Insurance Corporation.

SUPPLEMENTAL INFORMATION

Piney Creek General Hospital
Schedules of Net Patient Service Revenue
Unrestricted Fund
Years Ended October 31, 1999, 1998 and 1997

	1999	1998	1997
Regular services:			
Adult and pediatric	\$ 682,038	\$ 1,991,029	\$ 1,194,153
Other professional services:			
Operating room	459,698	470,429	340,074
Recovery room	2,040	6,179	5,488
Anesthesiology	148,832	143,998	85,938
Nutrition	2,680,248	2,609,288	2,276,889
Laboratory	2,693,790	2,252,848	1,845,656
Cardio pulmonary	1,180,528	1,603,384	925,144
Physical therapy	787,829	899,169	219,000
Occupational therapy	74,204	-6,328	37,218
Speech therapy	34,502	-8,728	30,340
Medical supply	635,846	630,083	686,877
Pharmacy	563,325	987,082	556,840
Emergency service	1,988,849	1,583,708	1,544,036
Home health	1,001,889	1,662,830	2,324,290
Clinic	-91	-91	12,378
Total other professional services	10,158,151	12,275,828	11,439,335
Total patient service revenue	14,025,195	13,697,864	12,253,495
Deductions from revenue			
Medicare & Medicaid contractual adjustments	2,694,777	2,684,320	2,129,800
Medicaid Dispro payment	(425,975)	(781,094)	(224,999)
Employee discounts	18,687	19,820	11,595
Unreimbursed services	238,149	184,832	187,117
Other	1,523,130	1,027,129	598,799
Total deductions from revenue	4,038,043	3,698,195	2,658,732
Net patient service revenue	\$ 9,987,152	\$ 10,000,369	\$ 9,594,763

Pointe Coupee General Hospital
Schedules of Other Revenue
Unrestricted Fund
Years Ended October 31, 1998, 1999 and 2000

	1998	1999	2000
Sales taxes	\$ 1,143,155	\$ 1,105,180	\$ 1,708,862
Rent	71,138	78,822	67,170
Medical record abstracts	3,000	8,862	8,280
Catering	24,745	25,297	22,785
Miscellaneous revenue	<u>11,281</u>	<u>3,836</u>	<u>12,896</u>
Total	\$ 1,253,321	\$ 1,221,997	\$ 1,818,993

Pointe Coupee General Hospital
Schedule of Expenses - Salaries and Benefits
Unrestricted Fund
Years Ended October 31, 1998, 1999 and 2000

	1998	1999	2000
Salaries:			
Administration	\$ 802,075	\$ 492,388	\$ 403,020
Plant operations and maintenance	150,247	141,870	140,673
Laundry	14,041	17,014	18,888
Housekeeping	108,470	108,330	107,723
Dietary and cafeteria	124,740	120,200	118,211
Nursing administration	53,750	58,521	48,394
Medical records	121,000	113,175	78,203
Planning services	250,590	250,440	258,332
Central supply	54,410	47,937	48,378
Operating rooms	83,148	86,178	84,302
Radiology	308,700	280,045	290,031
Laboratory	273,735	274,288	231,162
Cardio-pulmonary	151,950	135,010	133,051
Pharmacy	46,944	64,311	37,281
Emergency room	420,473	392,120	377,008
Home health	650,778	704,033	777,190
Clinic	6,580	7,230	10,688
	<u>4,208,043</u>	<u>4,104,693</u>	<u>3,708,440</u>
Total salaries	4,208,043	4,104,693	3,708,440
Employee benefits	360,780	408,827	348,539
Hospitalization insurance	217,087	142,313	108,880
	<u>577,867</u>	<u>551,140</u>	<u>457,419</u>
Total benefits	577,867	551,140	457,419
Total salaries and benefits	\$ 4,785,910	\$ 4,655,833	\$ 4,165,859

Pointe-Coeur General Hospital
Schedules of Expenses - Medical Supplies and Drugs
Unrestricted Fund
Years Ended October 31, 1996, 1995 and 1994

	1996	1995	1994
Administration	\$ 65,491	\$ 84,555	\$ 89,502
Plant operations and maintenance	11,694	15,948	24,927
Laundry	8,891	13,500	19,717
Housekeeping	14,883	20,406	24,002
Dietary	68,347	74,974	89,588
Medical records	3,280	15,092	11,302
Mailing services	2,384	48,249	15,867
Operating room	16,074	7,479	2,927
Anesthesiology	183	1,932	1,419
Radiology	102,180	166,280	148,279
Laboratory (and blood)	279,888	298,221	234,484
Cardio pulmonary	50,237	75,180	54,432
Physical therapy	9,791	9,589	11,144
Central supply	127,768	101,809	117,232
Pharmacy	273,267	243,479	227,441
Emergency room	24,223	33,089	61,428
Home health	27,832	48,389	40,089
Clinic	<u>5,325</u>	<u>7,625</u>	<u>7,089</u>
Total medical supplies and drugs	\$ 1,180,621	\$ 1,283,929	\$ 1,197,731

Pointe Coupee General Hospital
Schedule of Expenses - Other Expenses
Unrestricted Fund
Years Ended October 31, 1998, 1999 and 2000

	1998	1999	2000
Purchased services	\$ 1,269,479	\$ 1,120,001	\$ 850,343
Medical specialist	722,119	709,832	704,882
Collection fees	34,648	37,580	37,627
Supplies	49,632	54,391	43,880
Repairs and maintenance	204,681	304,500	198,831
Utilities	177,038	211,467	208,269
Telephone	49,343	61,822	78,570
Travel	103,835	160,260	122,312
Rentals	100,360	52,874	58,204
Advertising	15,281	21,298	13,468
Dues and subscriptions	29,577	49,930	34,752
Management fees	131,529	123,979	119,970
None Stated	81,806	190,058	117,737
Miscellaneous	73,380	145,911	115,159
Total other expenses	\$ 3,043,321	\$ 3,149,511	\$ 2,857,208

Pointe Coupee Parish Hospital Service (District No. 1)
Combining Statement of Operations
For the Year Ended October 31, 1999

	District Summary							Total
	Hospital	GCPC	Medicare Health	Health Plan	Substance Abuse	District*		
Net patient service revenue	\$ 6,089,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,089,158	
Sales tax revenue	755,679	60,000	-	27,000	-	290,500	1,143,179	
Other operating revenue	48,428	-	-	-	-	81,800	131,228	
Total revenue	13,891,265	60,000	-	27,000	-	348,100	14,246,365	
Expenses								
Salaries and benefits	4,892,888	-	-	-	-	64,500	4,957,388	
Medical supplies and drugs	1,143,421	-	-	-	-	-	1,143,421	
Insurance	255,871	-	-	-	-	298,801	554,672	
Depreciation	604,888	2,300	1,084	316	4,595	42,875	655,958	
Interest	6,208	-	-	-	-	-	6,208	
Provision for bad debts	887,883	-	-	-	-	-	887,883	
Other expenses	2,178,134	54,841	-	48,330	83,541	71,200	2,365,006	
Total expenses	10,663,608	57,141	1,084	48,647	88,136	146,176	10,906,792	
Operating income (loss)	3,227,657	2,859	(1,084)	(21,647)	(1,136)	191,924	3,200,512	
Nonoperating income (loss)								
Income on investments where use is limited	162,716	-	-	-	-	-	162,716	
Other investment income	268,587	-	-	-	-	-	268,587	
Contributions and grants	-	-	-	-	-	-	-	
Gain (loss) on disposal of equipment	34,187	-	-	-	-	-	34,187	
Payments to Police Jury	(261,208)	-	-	-	-	-	(261,208)	
Nonoperating income, net	173,282	-	-	-	-	-	173,282	
Income in unrestricted fund balance	\$ 3,380,939	\$ 2,859	\$ (1,084)	\$ (21,647)	\$ (1,136)	\$ 191,924	\$ 3,561,855	

* Council on Aging

** Remaining non-hospital activities of the District

Pointe Coupee Parish Hospital Service District No. 1
Consolidating Statement of Operations
For the Year Ended October 31, 2008

	Detailed Summary							District*	Total
	Hospital	Assistance	CCAC	Mental Health	Health Unit	Substance Abuse			
Net patient service revenues	\$ 10,283,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,283,249
Sales tax revenue	\$ 40,760		\$ 60,800			\$ 17,880		\$ 209,470	\$ 1,148,400
Other operating revenue	48,820							57,148	307,833
Total revenue	10,372,829	0	60,800	0	17,880	0	57,148	376,658	11,658,530
Expenses									
Salaries and benefits	4,735,400								4,735,400
Medical supplies and drugs (less price)	1,276,681						7,319		1,284,000
Medical	941,652								941,652
Depreciation	625,887		1,180	7,738	4,674	800	46,252		635,531
Interest	52,491								52,491
Provision for bad debts	826,774								826,774
Other expenses	2,771,608		75,000		21,077	100,860	146,913		3,148,558
Total expenses	10,479,363	0	76,180	7,738	26,471	101,660	213,142	30,021,000	10,821,000
Operating income (loss)	393,466	0	(15,380)	(7,738)	(8,591)	(43,812)	(156,416)		(72,488)
Nonoperating income (loss)									
Income on investments when loss is realized	508,170								508,170
Other investment income	187,254						1,791		189,045
Contributions and grants (less basis) on disposal of equipment	1,854						6,098		8,952
Payments to Police Jury	(262,088)								(262,088)
Nonoperating income, net	435,190	0	0	0	0	0	7,889	0	443,079
Income in unrestricted fund balance	\$ 1,166,846	\$ 0	\$ (15,380)	\$ (7,738)	\$ (8,591)	\$ (43,812)	\$ (148,527)	\$ 0	\$ 1,146,846

* Covered as Aging

** Measuring non-hospital activities of the District.

Pointe-Claire Parish Hospital Service District No. 1
Combining Statement of Operations
For the Year Ended October 31, 1997

	District Summary							Total
	Household	Assessor	CCSF*	Metairie South	Health Unit	Substance Abuse	District**	
Net patient service revenue	\$ 5,897,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,897,898
State tax revenue	1,480,883		83,008		95,948		188,959	1,769,840
Other operating revenue	81,732						47,395	139,127
Total revenue	6,460,513	-	83,008	-	95,948	-	196,354	6,735,823
Expenses								
Salaries and benefits	4,208,675							4,208,675
Medical supplies and drugs	1,103,888						3,843	1,107,731
Insurance	375,457							375,457
Depreciation	413,739		2,883	7,328	945	100	53,858	438,404
Interest	35,812							35,812
Provision for bad debts	899,705							899,705
Other expenses	2,987,584		85,880		86,325	128,297	43,084	3,247,090
Total expenses	9,989,041	-	89,863	7,328	87,670	128,427	104,835	10,207,074
Operating income (loss)	(3,528,528)	-	(6,855)	(7,328)	(91,722)	(32,477)	(111,881)	(3,737,741)
Nonoperating income (loss)								
Income on investments related to use in limited	197,360							197,360
Other investment income	148,887						1,500	150,387
Contributions and grants (City funds on disposal of equipment)	4,700							4,700
Payments to Police Jury	(81,088)							(81,088)
Nonoperating income, net	370,859	-	-	-	-	-	1,500	372,359
Income on investment fund balance	\$ 2,282,150	\$ -	\$ (2,869)	\$ (3,728)	\$ (103,848)	\$ (128,427)	\$ (112,381)	\$ 2,030,997

* Covered by Agency

** Removing non-hospital activities of the District

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

Paul G. Williams, CPA
Roberta J. Brown, CPA

LISTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

**3901 BAJOE BARRIS ROAD
ALEXANDRIA, LOUISIANA 71301**

**Telephone (504) 409-1400
Facsimile (504) 443-1100**

Members

**American Institute of CPAs
State of Louisiana (SIFCA)**

**Mailing Address
P.O. Box 8158**

Alexandria, LA 71306-0758

**Independent Auditors' Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of General Purpose
Financial Statements Conducted in Accordance With
Government Auditing Standards**

**Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee
New Roads, Louisiana**

We have audited the financial statements of the Hospital Service District No. 1, Parish of Pointe Coupee, ("Pointe Coupee General Hospital") for the years ended October 31, 1999, 2000 and 2001, and have issued our report thereon dated January 14, 2002. We conducted our audits 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 Pointe Coupee General 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 these 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 Pointe Coupee General Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee
Page Two

As required by the Legislative Auditor for the State of Louisiana our comments regarding corrective action taken by the District with regard to our 1995 recommendations are provided on the attached pages.

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



Certified Public Accountants

January 14, 2000

Pointe-Coupee Parish Hospital Service District No. 1
Reportable Noncompliance
For the Year Ending October 31, 1999

1999 Noncompliance

Corporate Compliance Plan

Condition: In an open letter to Medicare and Medicaid providers and in numerous public statements, the U. S. Health and Human Services Inspector General and others in her office have made it clear that such providers should (but are not required) establish corporate compliance programs.

The Office of Inspector General ("OIG") generally has taken the position that indifference (a failure to pro-actively maintain a system to avoid errors) that result in violations is similar to intentional violations and that lack of knowledge is not a defense. The OIG has stated that, when it finds a violation it will make every effort to enforce the maximum penalty when a corporate compliance plan is not in place. When such a plan is in place (and actually working in the daily operations as opposed to being a document on a shelf), it has stated that it will give consideration to the providers efforts to avoid violations.

The OIG recommends that such a plan include specifics in the following general areas.

1. Assignment of oversight responsibility to an individual high in the corporate structure.
2. Establishment of due care in the delegation of authority.
3. Conducting effective training and educational programs.
4. Utilization of monitoring and auditing to detect non-compliance.
5. Development of effective lines of communication for reporting of violations (including a hot line for anonymous reporting) and clarification of policy.
6. Enforcement of standards through well-publicized discipline guidelines and procedures.
7. Immediate and appropriate response to detected offenses and prevention of further offenses through systematic changes and corrective action initiatives.

The District implemented its corporate compliance program on October 1, 1997.

Recomendation: Since a financial statement audit is not designed to examine many of these areas (i.e. fair market value of transactions with physicians, proper billing), we recommend that the District ensure that its program includes a compliance audit of its operations to determine possible violators and that they be corrected. Further, the program should include procedures to ensure that the program becomes a part of daily operations.

Response: The District will continue to develop its compliance plan.

Resolution: The compliance plan has been developed. (Matter resolved).