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UNION GENERAL HOSPITAL, INC.
FINANCIAL STATEMENTS AND AUDITOR'S REPORT

June 30, 1998 and 1997

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

DEC 30 1998

Release Date _____

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NEUMAN, RICHARDSON & CO., L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Jim L. Neuman, CPA
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---ooOoo---
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Johnnie A. Tyler, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Union General Hospital, Inc.
Farmerville, Louisiana

We have audited the accompanying balance sheets of Union General Hospital, Inc. (a Louisiana nonprofit corporation) as of June 30, 1998 and 1997, and the related statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Union General Hospital, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union General Hospital, Inc. at June 30, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated August 11, 1998, on our consideration of Union General Hospital Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Neuman, Richardson & Co., LLP
Neuman, Richardson & Co., L.L.P.
August 11, 1998, except for Note 9
for which the date is November 11, 1998

UNION GENERAL HOSPITAL, INC.
BALANCE SHEETS
JUNE 30, 1998 AND 1997

ASSETS

	1998	1997
Current Assets:		
Cash and cash equivalents	\$ 535,565	\$ 402,054
Short-term investments	212,589	169,447
Assets limited as to use	18,946	17,390
Accounts receivable, net of allowances for contractual adjustments and uncollectible accounts of \$ 631,776 for 1998 and \$ 898,743 for 1997	877,425	954,605
Estimated third-party settlements	189,234	419,475
Inventories	170,648	165,900
Prepaid expenses	29,895	39,373
Total Current Assets	<u>2,034,302</u>	<u>2,168,244</u>
Assets Whose Use is Limited:		
Cash internally designated for employee benefits	62,670	60,330
Cash held in trust for insurance	54,802	42,574
	<u>117,472</u>	<u>102,904</u>
Less amount required to meet current obligations	(18,946)	(17,390)
Net Assets Whose Use is Limited	<u>98,526</u>	<u>85,514</u>
Property and Equipment - cost		
Less accumulated depreciation	(3,144,029)	(3,018,379)
Net Property and Equipment	<u>1,660,972</u>	<u>1,640,345</u>
Other Assets		
	12,303	17,789
TOTAL ASSETS	<u>\$ 3,806,103</u>	<u>\$ 3,911,892</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 131,361	\$ 247,388
Accrued payroll liabilities	112,794	103,080
Accrued compensated absences	76,357	78,168
Interest payable	219	222
Notes payable, current portion	44,906	65,000
Total Current Liabilities	<u>365,637</u>	<u>493,858</u>
Long-term Debt , net of current portion	37,603	-0-
Net Assets:		
Unrestricted	2,481,046	2,447,304
Temporarily restricted	921,817	970,730
	<u>3,402,863</u>	<u>3,418,034</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,806,103</u>	<u>\$ 3,911,892</u>

See Notes to Financial Statements.

UNION GENERAL HOSPITAL, INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the years ended June 30, 1998 and 1997

	1998	1997
<i>Unrestricted Revenues, Gains and Other Support:</i>		
Net patient service revenue	\$ 5,477,432	\$ 5,513,987
Other operating revenue	<u>71,776</u>	<u>88,763</u>
Total Revenues, Gains, and Other Support	5,549,208	5,602,750
<i>Expenses:</i>		
Salaries and benefits	2,402,090	2,358,739
Professional and contractual fees	1,404,820	1,464,796
Supplies and other	1,200,589	1,214,290
Bad debt expense	407,373	268,683
Depreciation expense	181,002	184,594
Interest expense	<u>7,621</u>	<u>3,341</u>
Total Expenses	5,603,495	5,494,443
Income (Loss) From Operations	(<u>54,287</u>)	<u>108,307</u>
<i>Other income:</i>		
Interest income	29,064	36,532
Gain on sale of assets	3,150	4,292
Contributions received	<u>6,892</u>	<u>2,695</u>
Total Other Income	39,106	43,519
<i>Increase (Decrease) in Unrestricted Net Assets</i>	(<u>15,181</u>)	<u>151,826</u>
<i>Net Assets, beginning of year</i>	3,418,034	3,266,208
Membership certificate issued	10	-0-
<i>Net Assets, end of year</i>	<u><u>\$ 3,402,863</u></u>	<u><u>\$ 3,418,034</u></u>

See Notes to Financial Statements.

UNION GENERAL HOSPITAL, INC.
STATEMENT OF CASH FLOWS
For the years ended June 30, 1998 and 1997

	1998	1997
<i>Cash Flows From Operating Activities:</i>		
Cash received on patients' accounts	\$ 5,377,480	\$ 4,428,679
Other operating revenue received	71,776	88,763
Interest received	29,064	36,532
Contributions received	6,892	2,695
Interest paid	(7,624)	(3,119)
Cash paid in salaries and benefits	(2,394,187)	(2,334,518)
Cash paid in fees and supplies	(2,711,220)	(2,593,799)
Net Cash Provided by (Used in) in Operating Activities	<u>372,181</u>	<u>(374,767)</u>
 <i>Cash Flows From Financing Activities:</i>		
Proceeds from issuance of membership certificate	10	-0-
Proceeds from borrowing	-0-	85,000
Principal payments on debt	(84,736)	(20,000)
Net Cash Provided by (Used in) Financing Activities	<u>(84,726)</u>	<u>65,000</u>
 <i>Cash Flows From Investing Activities:</i>		
Proceeds from sale of assets	3,150	9,892
Maturities of short-term investments	342,648	1,065,000
Cash invested in assets whose use is limited	(14,568)	(9,530)
Purchases of short-term investments	(385,790)	(619,266)
Purchases of property and equipment	(99,384)	(144,319)
Net Cash From Investing Activities	<u>(153,944)</u>	<u>301,777</u>
 <i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	 <u>133,511</u>	 <u>(7,990)</u>
 <i>Cash and Cash Equivalents - beginning of year</i>	 402,054	 410,044
 <i>Cash and Cash Equivalents - end of year</i>	 <u>\$ 535,565</u>	 <u>\$ 402,054</u>

See Notes to Financial Statements.

UNION GENERAL HOSPITAL, INC.
STATEMENT OF CASH FLOWS - Continued
For the year ended June 30, 1998 and 1997

	1998	1997
<i>Reconciliation of Excess Revenues (Expenses) to Net Cash From Operating Activities:</i>		
Increase (decrease) in net assets	(\$ 15,181)	\$ 151,826
Adjustments:		
Depreciation expense	181,002	184,594
Gain on sale of assets	(3,150)	(4,292)
Decrease (increase) in operating assets:		
Net patient receivables	77,180	(432,605)
Health insurance settlement	230,241	(384,020)
Inventories	(4,748)	(18,684)
Prepaid expenses	9,478	9,416
Other assets	5,486	5,497
Increase (decrease) in operating liabilities:		
Accounts payable	(116,027)	88,752
Accrued payroll liabilities	9,714	16,008
Accrued compensated absences	(1,811)	8,519
Interest payable	(3)	222
Total Adjustments	<u>387,362</u>	<u>(526,593)</u>
 <i>Net Cash Provided by (Used in) Operating Activities</i>	 <u>\$ 372,181</u>	 <u>(\$ 374,767)</u>

Supplemental Disclosures of Non-cash Transactions:

During 1998, the Hospital purchased equipment of \$102,245 through loans from local banks.

See Notes to Financial Statements.

UNION GENERAL HOSPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 1998 and 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Union General Hospital, Inc. (Hospital) provides outpatient emergency care, acute inpatient hospital care, skilled nursing, and home health services within Farmerville, Louisiana and the surrounding area. The Hospital is a Louisiana nonprofit corporation which has received exemption from income taxes as an organization described under section 501 (c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include provisions for income taxes.

Original hospital facilities and related expenses

On November 22, 1983, the Hospital leased the hospital facilities from East Union Parish Hospital Service District (District). The hospital facilities was originally built by the District which issued ad valorem tax bonds to finance its construction. The Hospital's financial obligation under the lease is to maintain the leased premises in good repair, and replace equipment as needed. The District's cost basis of these facilities is included in property and equipment with the net book value of the facilities being reported as temporarily restricted net assets. The current year's depreciation of these assets is reported as net assets released from restrictions.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Patient receivables

Patient receivables are stated at the full value of all charges incurred by the patient. Allowances have been provided for the estimated uncollectible accounts and third-party contractual adjustments. Receivables are written off as the accounts are determined to be uncollectible.

Inventories

Inventories represent dietary and medical supplies on hand and are valued at the latest invoice price which approximates the lower of cost (first-in, first-out) or market.

Prepaid expenses

Prepaid expenses are amortized on a straight-line basis over the period of the respective terms.

Short-term investments

Investments consist of certificates of deposit with maturities of 90 days and older at the date of purchase. The related accrued interest receivable is also included in the investment amounts reflected in the financial statements.

UNION GENERAL HOSPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 1998 and 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets limited as to use

Assets limited as to use primarily include cash designated by the board for the payment of employee benefits and required balances of cash to be held on deposit with the Louisiana Hospital Association for workers' compensation, malpractice and general liability coverage. The board maintains direct control of the funds set aside for employee benefits and may at its discretion subsequently use these fund for other purposes.

Property and equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method.

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

Temporarily and permanently restricted net assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose such as the original hospital facilities discussed above. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity. At June 30, 1998, there were no permanently restricted net assets.

Net patient service revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements includes prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. 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.

Indigent care

The Hospital provides care to patients who meet certain criteria under its indigent care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as indigent care, they are not reported in net patient revenue.

UNION GENERAL HOSPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 1998 and 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and cash equivalents

Cash and cash equivalents include all cash on hand and in banks, having original maturities of 90 days or less. Investments with original maturities in excess of 90 days are classified as short-term investments. Cash and cash equivalents exclude assets whose use is limited.

NOTE 2 - NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payers follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through 1995.

Since July 1, 1994, the Hospital has been paid for substantially all services rendered to inpatient Medicaid program beneficiaries under prospectively determined rates, which are paid on a per diem basis. Costs incurred on services rendered to Medicaid inpatients which exceed the prospectively determined payment rates are not recoverable from the Medicaid program of its beneficiaries. No changes were made to the outpatient reimbursement. The Hospital Medicaid cost reports have been settled by the Medicaid fiscal intermediary through 1994.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. A summary of net patient revenue is as follows:

	1998	1997
Inpatient charges	\$ 5,764,561	\$ 5,689,364
Outpatient charges	2,442,412	2,506,128
Total Charges	<u>8,206,973</u>	<u>8,195,492</u>
Medicare and Medicaid contractual adjustments	(2,806,619)	(2,614,472)
Disproportionate share funds received	191,370	-0-
Indigent and Hill-Burton free care	(114,382)	(67,033)
Net Patient Revenue	<u>\$ 5,477,342</u>	<u>\$ 5,513,987</u>

UNION GENERAL HOSPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 1998 and 1997

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is stated on the basis of cost or fair market value at date of donation. Depreciation is provided using the straight-line method in amounts sufficient to amortize the cost or other basis over the estimated useful lives of the depreciable assets. Expenditures which materially increase values, change capacities or extent useful are capitalized. Routine maintenance and repair items are charged to current operations. A summary of the accounts and the related accumulated depreciation follows:

	1998		1997	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land & land improvements	\$ 10,414	\$ 1,193	\$ 2,618	\$ 1,013
Buildings & building improvements	444,152	93,283	278,220	70,595
Furniture & equipment	1,058,157	679,092	1,081,523	621,138
Facilities leased from District	<u>3,292,278</u>	<u>2,370,461</u>	<u>3,296,363</u>	<u>2,325,633</u>
Totals	<u>\$ 4,805,001</u>	<u>\$ 3,144,029</u>	<u>\$ 4,658,724</u>	<u>\$ 3,018,379</u>

Under the terms of the operating agreement with the District, all equipment acquired by the Hospital through purchase or by gift shall be donated to the District if and when the Hospital ceases to operate the facility.

NOTE 4 - CHARITY CARE

The Hospital 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 those services and supplies, and equivalent service statistics. During the year ended June 30, 1998 and 1997, approximately \$ 114,000 and \$ 67,000, respectively, in charges were forgone at an estimated cost to the Hospital of approximately \$ 72,000 and \$ 43,000, respectively.

NOTE 5 - PENSION PLAN

The Hospital has a discretionary contribution plan covering substantially all of its employees with over 1,040 hours of service. Contributions by the Hospital, if any are up to the discretion of the Board. During the years ended June 30, 1998 and 1997, the Hospital did not contribute to the plan.

UNION GENERAL HOSPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 1998 and 1997

NOTE 6 - OFF BALANCE SHEET RISKS AND CREDIT CONCENTRATIONS

Concentrations of credit

The Hospital is located in Farmerville, Louisiana, and grants credit on its services to its patients, substantially all of whom are local residents of the Parish. Generally, the Hospital accepts assignments of patients' benefits payable under either public or private insurance programs or policies in lieu of collateral to secure its patient accounts receivable. At June 30, 1998 and 1997, approximately 72% and 68%, respectively, of patient accounts receivable was related to the Medicare and Medicaid programs. Future changes (if any) occurring within the local economy or the Medicare and Medicaid reimbursement methods can significantly affect the operations of the Hospital.

Volume of services

The hospital is dependent upon local physicians practicing in the immediate service area for its volume of patients. Any decrease in the number of physicians from the current level can significantly affect hospital operations.

Professional liability

The Hospital participates in the Louisiana Patients Compensation Fund established by the State of Louisiana to provide medical professional liability coverage to health care providers. The fund provides \$ 400,000 in coverage per occurrence above the first \$ 100,000 per occurrence for which the Hospital is at risk. There is not limitation placed on the number of occurrences covered. Funds are secured by either the \$ 100,000 FDIC insurance coverage or bank-owned securities held in safekeeping for the benefit of the Hospital.

Membership in the Louisiana Hospital Association Trust Fund provides additional coverage for the professional medical malpractice liability for the Hospital. Premiums paid to the fund are based on the loss experience of the Hospital. The portion of the funds that is refundable to the Hospital is included in assets whose use is limited.

Workers compensation

The Hospital participates in the Louisiana Hospital Association's self-insurance Workmen's Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rate share of the resulting deficit. It is not possible to estimate the amount of assessments, if any, under this program. The portion of the fund that is refundable to the Hospital is included in board designated funds.

Hill-Burton obligation

As a result of the District receiving a federal Hill-Burton program grant of \$ 660,000, the Hospital is required to provide a reasonable volume of uncompensated services to patients who are unable to pay for their medical care. Uncompensated care has been provided by the Hospital through the fiscal year ended in 1998. The Hospital may be required to furnish additional amounts and periods of uncompensated care as a result of third party audits and retroactive determinations. The amount of such adjustments, if any, cannot be determined.

UNION GENERAL HOSPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 1998 and 1997

NOTE 7 - CONTRACTUAL COMMITMENTS

The Hospital has entered into noncancellable maintenance agreements for medical equipment that require the Hospital to pay monthly amounts to the expiration of the agreements. In addition the Hospital has an operating lease commitment for the rental of IV pumps as of June 30, 1998. The following is a summary of the approximate remaining portion of these commitments.

<u>Year Ending June 30,</u>	<u>Maintenance</u>	<u>Lease</u>
1999	\$ 39,000	\$ 10,900
2000	9,800	10,900
2001	-0-	10,900
2002	-0-	4,300
2003	-0-	-0-

The Hospital entered into an agreement with two physicians whereby the Hospital employed each physician to operate separate clinics for a period of two years beginning September 1, 1996. The physician contracts are for two years and expire in August and September, 1999. Under these agreements, the Hospital has agreed to pay the physician salaries and all expenses in connection with their clinic practices in exchange for receiving the physician revenues produced through their practices. The remaining salary and benefit commitment to the physicians under the agreements at June 30, 1998 is as follows:

<u>Year Ending June 30,</u>	<u>Payments</u>
1999	\$ 279,900
2000	58,300

In 1997, the Hospital entered into an agreement with a physician to provide emergency room physician services under a guaranteed salary contract which expires in July, 1999. Under this arrangement, the Hospital receives all emergency room revenue generated by the physician during the contract period. At June 30, 1998, the remaining commitment under this arrangement is approximately as follows:

<u>Years Ending June 30,</u>	<u>Payments</u>
1999	\$ 134,600

Effective February 28, 1995, the Hospital entered into a five-year contract with Sunrise Healthcare for the management of a behavioral health unit. Under the terms of the contract, the hospital will provide 8 contiguous beds of the hospital to Sunrise for the treatment of psychiatric disorders beginning July 1, 1995. All patient charges generated by the behavioral health unit belong to the Hospital. Normal operating expenses of the unit will be paid by Sunrise with the Hospital paying Sunrise to manage the unit. Hospital management expects the revenue produced by the unit to more than offset the management fees paid to Sunrise Healthcare. For the years ended June 30, 1998 and 1997, the Hospital paid Sunrise Healthcare \$ 1,115,000 and \$ 1,209,000, respectively under this arrangement.

UNION GENERAL HOSPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 1998 and 1997

NOTE 8 - GRANT FUNDS

The Hospital received \$ 25,000 in February, 1997, from the State of Louisiana to be used to subsidize emergency room expenses. This grant is included in other operating revenue in the statement of operations.

NOTE 9 - SUBSEQUENT EVENT

In November, 1998, the voters of the District approved the authorization of a ten-year, 5 mill, property tax levy on all taxable property located within the District. The tax can be used for constructing, maintaining, improving, equipping, and operating the hospital facilities. Revenues from the tax levy are expected to be received beginning in January, 2000.

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NEUMAN, RICHARDSON & CO., L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Union General Hospital, Inc.
Farmerville, Louisiana

We have audited the financial statements of Union General Hospital, Inc. (A nonprofit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated August 11, 1998. We conducted our audit in accordance with generally accepted auditing standards and 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 Union General Hospital, Inc.'s financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

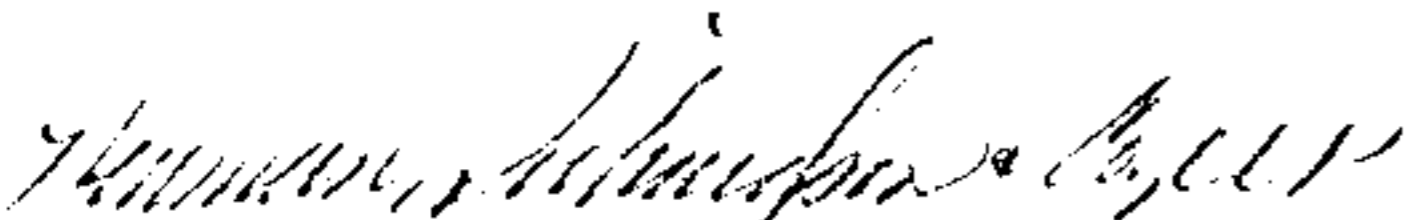
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Union General Hospital, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Summary of Prior Year Findings

We have reviewed the Hospital's responses to the items noted in the previous year's audit report. Based on our review, we believe the Hospital has responded appropriately to these findings.

This report is intended for the information of the board of directors, management, and the Legislative Auditor's Office of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



Neuman, Richardson & Co., L.L.P.

August 11, 1998

DATA COLLECTION FORM

FOR REPORTING ON AUDITS OF STATE AND LOCAL GOVERNMENT AND QUASIPUBLIC ENTITIES

OMB Form 0348-0057 may be used as a substitute for this form. Date Submitted <u>11/12/98</u>	RETURN to: Legislative Auditor Attn: Engagement Processing Post Office Box 94397 Baton Rouge, Louisiana 70804-9397
1. Fiscal Year Ending Date For This Submission: <u>06/30/98</u> 3. Audit Period Covered <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Biennial <input type="checkbox"/> Other _____ to _____	2. Type of Report: <input checked="" type="checkbox"/> Single Audit <input type="checkbox"/> GAO Audit Standards Audit <input type="checkbox"/> Compilation <input type="checkbox"/> Compilation/Attestation <input type="checkbox"/> Program Audit <input type="checkbox"/> Other
4. AUDITEE INFORMATION	
Auditee Name Union General Hospital, Inc. Street Address (Number and Street) P.O. Box 398 Mailing Address (PO No.) Farmerville LA 71241 City State Zip	5. AUDITOR INFORMATION Firm Name Neuman, Richardson & Co., L.L.P. b. Street Address (Number and Street) 1511 Judson Road, Ste. A Mailing Address (PO No.) Longview TX 75601 City State Zip
Auditee Contact Name Title Juanita Sanford Accountant Telephone Fax (318) 369-9751 (318) 369-9715 Email (Optional)	c. Auditor Contact Name Title Jerry G. Richardson Partner Telephone Fax (903) 758-9600 (903) 758-1800 Email (Optional)
Component Units Included Within the Report and for Which No Separate Report Will Be Issued: <hr/>	
If there are no modifications to the auditor's financial opinion, no reportable conditions, no material weaknesses, no reported instances of noncompliance, and no management letter, check this box: do not complete the rest of the form. <input type="checkbox"/>	
6. FINANCIAL STATEMENTS a. Type of audit report on financial statements. <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Unqualified Opinion <input type="checkbox"/> Qualified Opinion <input type="checkbox"/> Adverse Opinion <input type="checkbox"/> Disclaimer of Opinion b. Is a 'going concern' explanatory paragraph included in the audit report? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No c. Do any of the funds have deficit fund balances? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No d. Is there a related party footnote? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
7. INTERNAL CONTROL Do the comments on internal control include: <input type="checkbox"/> material weaknesses <input type="checkbox"/> reportable conditions <input checked="" type="checkbox"/> not applicable	
8. COMPLIANCE Do the comments on compliance include: <input type="checkbox"/> illegal acts <input type="checkbox"/> fraud/criminal acts <input checked="" type="checkbox"/> not applicable	
9. MANAGEMENT LETTER (Finding Caption and No.) <u>All comments</u> Resolved <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable	
10. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.) \$ _____ Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No Longer Applicable \$ _____ Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No Longer Applicable \$ _____ Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No Longer Applicable \$ _____ Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No Longer Applicable \$ _____ Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No Longer Applicable \$ _____ Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No Longer Applicable Do any findings address nepotism, ethics violations or related party transactions? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Do any findings address violation of bond indenture covenants? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

11. SCHEDULE OF PRIOR YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)			
_____	Resolved	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
_____	Resolved	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
_____	Resolved	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
_____	Resolved	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
_____	Resolved	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable

AUDITEE SIGNATURE _____ Date _____

FOR USE BY LEGISLATIVE AUDITOR

Agency No. _____	Proj. No. _____	Firm No. _____
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Date Report Received: _____ Date Processed: _____

Legislative Audit Advisory Council:	Are there unresolved findings listed below?	Yes or No
District Attorney:	Are there findings of criminal acts?	Yes or No
Board of Ethics:	Are there findings of ethics, nepotism, or related parties?	Yes or No
State Bond Commission (SBC):	Are there any findings relating to violations of bond indentures?	Yes or No
	Does the report express going-concern reservations?	Yes or No
	Does the entity have a deficit greater than 5% of revenue? If so, identify the page(s) No(s) _____	Yes or No
High Profile:	Are there any significant findings?	Yes or No

Report: Approved for Release _____ Date: _____ Rank A B C D

(A=No Comments; B=Management Letter Comments Only; C=Control/Compliance Report(s) Comments; D=Criminal/Fraud Acts)
 Note: For grading purposes, schedules of immaterial findings are treated as a management letter

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