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CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

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

FINANCIAL STATEMENTS

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

Release Date 10-13-99

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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 Governing Board
Citizens Medical Center
Caldwell Parish Hospital Service District No. 1
State of Louisiana

We have audited the general purpose financial statements of Citizens Medical Center, Caldwell Parish Hospital Service District No. 1, as of and for the year ended March 31, 1999, and have issued our report thereon dated May 13, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Citizens Medical Center's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Citizens Medical Center'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.

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

Mendenhall, Robinson, Gaudin, Langston and Byron

May 13, 1999

**CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
MARCH 31, 1999 AND 1998
AND
INDEPENDENT AUDITORS' REPORT**

**CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER**

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INDEPENDENT AUDITORS' REPORT

To the Governing Board
Citizens Medical Center
Caldwell Parish Hospital Service District No. 1
Columbia, Louisiana

We have audited the accompanying financial statements of Citizens Medical Center, an enterprise fund of Caldwell Parish Hospital Service District No. 1, State of Louisiana, as of and for the years ended March 31, 1999 and 1998, as listed in the table of contents. These statements are the responsibility of Citizens Medical Center'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 "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Citizens Medical Center, an enterprise fund of Caldwell Parish Hospital Service District No. 1, State of Louisiana, and are not intended to present fairly the financial position of Caldwell Parish Hospital Service District No. 1, State of Louisiana, and the results of its operations and cash flows of its proprietary fund types in conformity with generally accepted accounting principles.

As discussed in Note 8, Citizens Medical Center has been named in certain law suits by providers of health care services to collect charges for their services. The amount is in dispute and the outcome cannot be determined at report date.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens Medical Center, an enterprise fund of Caldwell Parish Hospital Service District No. 1, State of Louisiana, as of March 31, 1999 and 1998, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Minchew, Robinson, Gardner, Langston and Bryan CPAs

May 13, 1999

**CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER**

**BALANCE SHEETS
MARCH 31, 1999 AND 1998**

ASSETS

	1999	1998
CURRENT ASSETS		
Cash on hand and in banks (Note 2)	\$ 272,253	\$ 621,295
Accounts receivable - patients - net of allowance for uncollectible accounts of \$2,488,563 and \$2,484,757 (Note 3)	2,177,285	2,364,996
Accounts receivable - fiscal intermediaries (Note 3)	172,339	80,922
Other accounts receivable	1,493,730	493,401
Inventories of supplies (Note 4)	152,299	151,205
Prepaid expenses	41,800	14,378
Total current assets	\$ 4,309,706	\$ 3,726,197
PROPERTY AND EQUIPMENT (Note 1)		
Land	\$ 31,932	\$ 31,042
Building and fixed equipment	3,404,051	3,383,287
Major movable equipment	1,814,204	1,657,824
Minor movable equipment	209,932	209,932
	\$ 5,460,119	\$ 5,282,085
Less: Accumulated depreciation	(2,490,080)	(2,278,372)
	\$ 2,970,039	\$ 3,003,713
OTHER ASSETS		
Reserve fund (Note 5)	\$ 78,330	\$ 74,556
	\$ 7,358,075	\$ 6,804,466

The Notes to Financial Statements are
an integral part of this statement.

LIABILITIES AND FUND BALANCE

	<u>1999</u>	<u>1998</u>
CURRENT LIABILITIES		
Accounts payable	\$ 1,071,970	\$ 936,389
Accrued expenses	303,251	197,442
Notes payable - current maturities	82,847	110,181
Accounts payable - fiscal intermediaries	<u>161,987</u>	<u>90,496</u>
Total current liabilities	\$ 1,620,055	\$ 1,334,508
 LONG-TERM LIABILITIES		
Notes payable - less current maturities (Note 6)	<u>627,000</u>	<u>709,847</u>
Total liabilities	\$ 2,247,055	\$ 2,044,355
 CONTRIBUTED CAPITAL (Note 7)	2,494,192	2,494,192
 RETAINED EARNINGS		
Accumulated earnings	<u>2,616,828</u>	<u>2,265,919</u>
	<u>\$ 7,358,075</u>	<u>\$ 6,804,466</u>

The Notes to Financial Statements are
an integral part of this statement.

**CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER**

**STATEMENTS OF REVENUES AND EXPENSES
For The Years Ended March 31, 1999 And 1998**

	<u>1999</u>	<u>1998</u>
Patient service revenues		
Nursing service	\$ 930,355	\$ 1,091,237
Nursing service - observation	21,472	14,962
Pharmacy	2,160,945	2,222,915
IV solutions	520,108	584,841
Medical and surgical	1,238,301	1,202,173
Laboratory	1,322,829	1,301,945
Radiology	488,190	501,981
Operating room	111,838	97,134
Anesthesia	127,394	117,890
Blood	12,568	17,113
Respiratory care	1,236,182	1,540,674
Physical therapy	8,270	19,153
Emergency room	374,724	430,202
Emergency physicians' fees	282,661	301,933
Recovery room	15,632	14,210
EKG's	116,487	114,033
Monitors	203,865	235,736
EEG's	7,524	5,680
Nuclear medicine	825	1,590
Ultra-sound	112,169	99,460
CT scan	258,944	257,649
Oncology/hematology	115,950	135,887
Sleep study	125	
	<hr/>	<hr/>
Total	\$ 9,667,358	\$ 10,308,398
Allowances and uncollectible accounts		
Contractual adjustments		
Medicare and Medicaid	\$ 3,474,486	\$ 3,507,130
Free Care	3,678	76,427
Other adjustments	405,336	442,005
Provision for bad debts	772,709	874,074
Medicaid indigent revenue		
Reimbursement of uncompensated cost	(1,047,101)	(494,691)
Medicare disproportionate share revenue	(450,000)	
	<hr/>	<hr/>
	\$ 3,159,108	\$ 4,404,945
Net patient service revenues	<hr/>	<hr/>
	\$ 6,508,250	\$ 5,903,453

The Notes to Financial Statements are
an integral part of this statement.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

STATEMENTS OF REVENUES AND EXPENSES
For The Years Ended March 31, 1999 And 1998

	1999	1998
Operating expenses		
Salaries	\$ 3,024,119	\$ 2,911,970
Contract personnel	59,633	119,015
Supplies	1,077,177	1,058,767
Postage and freight	11,738	11,211
Professional fees	48,536	52,394
Physician fees (Weekend)	530,785	528,005
Maintenance	84,247	108,205
Dues and subscriptions	20,270	35,048
Continuing education	18,923	22,001
Travel	30,762	37,768
Medical purchased service	318,254	302,389
Equipment rental	50,392	33,043
Miscellaneous	15,187	20,390
Telephone	36,727	46,387
Blood	19,643	14,732
Licenses and permits	3,499	2,022
Food	118,796	124,027
Utilities	114,091	113,067
Purchased laundry	39,292	45,906
Collection service	18,961	17,697
Legal and audit	58,546	34,630
Insurance	86,751	106,573
Employee benefits	434,770	254,201
Payroll taxes	215,763	203,080
Depreciation	216,389	201,448
	\$ 6,653,251	\$ 6,403,976
Operating profit (loss) before other income and deductions	\$ (145,001)	\$ (500,523)
Other operating income and deductions		
Sales tax revenue	\$ 450,000	\$ 435,000
Interest earned	20,251	35,202
Miscellaneous income	78,155	139,032
Cafeteria income	19,132	21,467
Interest expense	(71,628)	(68,859)
	\$ 495,910	\$ 561,842
Net income	\$ 350,909	\$ 61,319

The Notes to Financial Statements are
an integral part of this statement.

**CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER**

**STATEMENTS OF CONTRIBUTED CAPITAL
For The Years Ended March 31, 1999 And 1998**

Balance - beginning	<u>\$ 2,494,192</u>	<u>\$ 2,494,192</u>
Balance - ending	<u>\$ 2,494,192</u>	<u>\$ 2,494,192</u>

**STATEMENTS OF RETAINED EARNINGS
For The Years Ended March 31, 1999 And 1998**

	<u>1999</u>	<u>1998</u>
Retained Earnings		
Balance - beginning	\$ 2,265,919	\$ 2,204,600
Net income (loss)	<u>350,909</u>	<u>61,319</u>
Balance - ending	<u>\$ 2,616,828</u>	<u>\$ 2,265,919</u>

The Notes to Financial Statements are
an integral part of this statement.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

STATEMENTS OF CASH FLOWS
For The Years Ended March 31, 1999 And 1998
Increase (Decrease) in Cash and Cash Equivalents

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 350,909	\$ 61,319
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	\$ 216,389	\$ 201,448
Interest expense	71,628	68,859
Interest income	(20,251)	(35,202)
Sales tax revenue	(450,000)	(435,000)
(Increase) Decrease in:		
Patient receivables	187,711	(65,436)
Other receivables	(1,091,746)	(129,397)
Prepaid expenses	(27,422)	6,526
Inventories	(1,094)	(3,401)
Increase (decrease) in:		
Accounts payable	135,582	(44,877)
Accrued expenses	105,809	23,624
Deferred revenue		(16,666)
Accounts payable - fiscal intermediaries	71,491	
	\$ (801,903)	\$ (429,522)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (450,994)	\$ (368,203)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Sales tax revenue collected	\$ 450,000	\$ 435,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING Activities		
Proceeds from sale of equipment	\$ 431	\$
Purchase of equipment	(101,957)	(123,246)
Additions to buildings and grounds	(81,190)	(12,773)
Principal repayments	(110,181)	(112,813)
Interest paid	(71,628)	(72,459)
Transfer to Reserve Fund	(3,774)	(3,507)
	\$ (368,299)	\$ (324,798)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (368,299)	\$ (324,798)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of interest income	\$ 20,251	\$ 35,202
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ (349,042)	\$ (222,799)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	621,295	844,094
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 272,253	\$ 621,295

The Notes to Financial Statements are
an integral part of this statement.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

Accounting Methods

Citizens Medical Center is the enterprise fund of the Caldwell Parish Hospital Service District No. 1. Accordingly, these statements are prepared on the accrual basis of accounting and include only the assets, liabilities, revenues, and expenses pertaining to the operations of the Hospital.

Cash and cash equivalents include cash on hand and due from banks.

Inventories of supplies and minor equipment are valued at the original or latest invoice price.

All properties and equipment are shown at their original cost less accumulated depreciation. Depreciation is provided on a straight-line method over the estimated useful lives. Equipment includes assets under capital lease of \$118,617 with accumulated depreciation of \$89,306 and \$78,097 at March 31, 1999 and 1998. Depreciation charges totaled \$216,389 for 1999 and \$201,448 for 1998.

The Hospital routinely leases facilities and medical equipment under operating lease arrangements from various leasing companies. The approximate annual lease expense of operating leases was \$50,392 for 1999 and \$33,042 for 1998 including \$15,355 in minimum rental payments each year under noncancellable leases.

Included in commitments are amounts under a five year agreement whereby the Hospital agrees to purchase chemistry slides on a per test basis and the vendor will furnish certain laboratory equipment, maintenance, reagents and the chemistry slides at an estimated annual cost to the Hospital of \$104,686. In addition the Hospital is furnished equipment and services to perform CT Scan under a five year agreement at an annual cost of approximately \$99,000.

Charges to Medicare and Medicaid patients are included in revenues at standard rates and prices. The difference between these charges and the amounts actually received from these two agencies are shown as contractual adjustments.

Income Tax Matters

The Hospital is an enterprise fund of the Caldwell Hospital Service District No. 1, a political subdivision of the State of Louisiana and, accordingly, exempt from income tax.

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.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

Note 2 Cash in Bank

At year-ends the carrying amount of Citizens Medical Center's deposits (checking, savings and certificates of deposits) were as follows:

	3-31-99	3-31-98
Carrying amount	\$ 349,782	\$ 696,851
Bank balance	\$ 300,417	\$ 766,671

The amounts deposited in individual banks and the fair market value of investments pledged as security for the deposits are as follows:

	3-31-99	3-31-98
Deposits		
Citizens Progressive Bank	\$ 35,011	\$ 238,040
Homeland Federal Savings Bank	209,305	318,205
Caldwell Bank	56,101	210,426
Securities Pledged - FMV		
Citizens Progressive Bank		
Federal Home Loan Mortgage Corporation		188,231
Homeland Federal Savings Bank		
Federal National Mortgage Association Note	247,365	51,115
Government National Mortgage Association II		
Arm Pool		249,807
Federal National Mortgage Association	183,202	
Arm Pool	41,366	
Caldwell Bank		
Federal Home Loan Mortgage Corporation		150,000

In addition to the above listed pledged security deposits in each bank are secured by \$100,000 of federal deposit insurance.

At March 31, 1999, the security pledged by Homeland Federal Savings Bank is held by FNBB Investment.

Note 3 Accounts Receivable

Accounts receivable - patients include unpaid amounts billed and unbilled to patients and third party payers such as insurance companies and the fiscal intermediaries of the Social Security Administration on behalf of patients eligible for benefits under the Title XVIII and XIX of the Social Security Act.

Accounts receivable - fiscal intermediaries represent the balances due the Hospital on reimbursable cost in excess of amounts billed and received at the regular per diem settlement rate. Revenues received under cost reimbursement agreements totaled \$3,272,143 and \$3,626,383 for fiscal years ended March 31, 1999 and 1998 and is subject to retroactive adjustments by third-party payors.

Accounts receivable - other includes \$1,047,101 and \$494,691 for 1999 and 1998 for uncompensated cost reimbursement from the Medicaid Program and \$450,000 and \$-0- for 1999 and 1998 volume adjustments from the Medicare Program.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

Note 3 Accounts Receivable (Continued)

Accounts payable - fiscal intermediaries represent the balance owed the programs due to retroactive adjustments to a prior year cost report.

Allowance for uncollectible accounts include provisions for bad debts, charity care and contractual adjustments. Charge-offs and adjustments to the allowance is as follows:

	Fiscal Year Ending March 31, 1999		
	Allowance	Adjustment to Allowance	Accounts Charged-off
Bad debts	\$ 1,107,410	\$ (265)	\$ 772,709
Charity care			3,678
Medicare and medicaid contractual adjustments	1,381,153	4,071	3,474,486
Other			405,336
	<u>\$ 2,488,563</u>	<u>\$ 3,806</u>	<u>\$ 4,656,209</u>

	Fiscal Year Ending March 31, 1998		
	Allowance	Adjustment to Allowance	Accounts Charged-off
Bad debts	\$ 1,107,675	\$ 125,720	\$ 748,354
Charity care		(2,895)	79,322
Medicare and medicaid contractual adjustments	1,377,082	75,858	3,340,776
Other			442,005
	<u>\$ 2,484,757</u>	<u>\$ 198,683</u>	<u>\$ 4,610,457</u>

The provision for bad debts is based on a historically developed formula applied to the year end balance of accounts receivable based on pay-class and age outstanding. Contractual adjustments are provided for based on prior years' adjustments to settled claims. Provision for bad debts is approximately 21% and 23% of accounts receivable at year-end and medicare and medicaid contractual adjustments are approximately 53% and 53% of outstanding charges to those programs at March 31, 1999 and 1998.

Note 4 Inventories

Inventories consisting of supplies and minor equipment are as follows at March 31,:

	1999	1998
Medical and surgical	\$ 65,764	\$ 64,938
Laboratory	6,195	1,335
X-ray	346	4,264
Pharmacy	66,268	67,822
Dietary	9,521	11,447
Respiratory therapy	4,205	1,399
	<u>\$ 152,299</u>	<u>\$ 151,205</u>

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

Note 5 Reserve Account

The Certificate Resolution adopted by the Board of Commissions of Hospital Service District No. 1 of the Parish of Caldwell, State of Louisiana to authorize the issuance of the Certificate of Indebtedness provided that a Reserve Fund be established in the amount of \$67,700 to be retained solely for the purpose of paying principal and interest on the certificates as to which there would otherwise be default. The Reserve Fund will remain on deposit while the certificates are outstanding. With interest added, the account balance was \$78,330 at March 31, 1999.

Note 6 Long-Term Debt

	3-31-99	3-31-98
Long-term debt consists of the following:		
Capitalized computer lease dated August 1, 1993, due in 60 monthly payments of \$1,001.02 including principal and interest.	\$	\$ 5,233
Capitalized equipment lease dated 10-28-93, due in 60 monthly payments of \$1,396.28 including principal and interest at 7.64%.		12,567
Installment note payable on medical equipment purchase dated 8-17-94, due in 60 monthly payments of \$1,968.00 including principal and interest at 6.75%.	7,872	31,488
Taxable certificates of indebtedness Series 95, dated November 6, 1995, payable in 20 semiannual installments beginning on May 1, 1998 with interest at an indexed prime rate less 25 basic points (.25%) not to exceed 12% per annum incurred to construct and equip a physicians office building, payable from a pledge and dedication of the excess of annual revenue of the district above statutory, necessary and usual charges.	947,310	1,083,570
Less current maturities	\$ 955,182	\$ 1,132,858
Less interest	(82,847)	(110,181)
	(245,335)	(312,918)
	\$ 627,000	\$ 709,759

**CALDWELL PARISH HOSPITAL SERVICE DISTRICT
CITIZENS MEDICAL CENTER**

NOTES TO FINANCIAL STATEMENTS

Note 6 Long-Term Debt (Continued)

The Hospital has the following annual commitments, non-cancelable capitalized leases and operating leases.

Year	Operating Leases and Other Commitments	Capital Leases	Long-Term Debt
3-31-2000	\$ 110,064	\$ 7,847	\$ 75,000
3-31-2001	81,516		81,000
3-31-2002			93,000
3-31-2003			99,000
Thereafter			354,000
	<u>\$ 191,580</u>	<u>\$ 7,847</u>	<u>\$ 702,000</u>

Interest paid for the periods 3-31-99 and 3-31-98 was \$71,628 and \$72,459, respectively.

Note 7 Contributed Capital

The residents of Caldwell Parish at a special election held in the Parish on Saturday, April 2, 1977, authorized the issuance of \$2,300,000 public improvement bonds secured by one percent sales and use tax for the purpose of constructing, acquiring, extending, improving, equipping, and/or furnishing a hospital for the Parish. The tax-secured bonds bearing an average interest rate of 5.7682 percent were sold at par. The construction program was completed and the Hospital opened on February 14, 1980.

At the completion of the construction program, the following items were transferred to the books of the Hospital from the construction accounts:

Site cost	\$ 26,902
Building and fixed equipment	2,065,290
Cash for purchase of equipment	<u>402,000</u>
	<u>\$ 2,494,192</u>

Note 8 Contingent Liabilities

Various legal claims arising in the normal course of business are pending against the Hospital. Hospital management does not anticipate any losses in excess of insurance coverage with respect to such existing or pending claims and lawsuits at March 31, 1999.

The Hospital is currently negotiating settlements with two providers of health care services for charges billed the Hospital under service contracts in excess of the amounts accrued in the financial statement. Management has taken exception to the charges and believes a settlement can be negotiated with no additional liability to the Hospital. However, the attorney for the Hospital is unable to estimate the potential outcome of these suits.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT
CITIZENS MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

Note 9 Concentration of Credit Risk

Citizens Medical Center is a forty (40) bed hospital located in Columbia, Louisiana. The Hospital extends credit to patients in the area who are substantially dependent on Medicare and Medicaid programs for health care coverage. Accounts receivable are unsecured.

Note 10 Year 2000 (Y2K) Issue (Unaudited)

Citizens Medical Center recognizes the potential implications of the Y2K issue on systems that may contain date-related transactions, data, embedded chips, etc. Citizens Medical Center has assessed the impact of the Y2K issue on its operations and is now in the process of renovating or replacing, as necessary, the computer applications and business processes to provide for continued services in the new millennium. An assessment of the preparedness of external entities that interface with Citizens Medical Center is also ongoing. There can be no assurance that there will not be a material adverse effect on Citizens Medical Center if its actions and/or those of related third parties fail to address all significant issues in a timely manner.

The costs of Citizens Medical Center's Y2K compliance efforts are expensed as incurred and are being funded with cash flows from operations. At this time, the costs of these efforts are not expected to be material to Citizens Medical Center's financial position or the results of their operations in any given period.

Time and cost estimates are based on currently available information. Actual results could differ from those estimated.

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INDEPENDENT AUDITORS' REPORT
ON THE SUPPLEMENTARY DATA

To the Hospital Service District Board
Caldwell Parish Hospital Service District No. 1
Citizens Medical Center

The accompanying additional financial information as listed in the table of contents is presented for supplementary analysis purposes and is not considered necessary for a fair presentation of the basic financial statement. Our examination of the basic financial statements for the years ended March 31, 1999 and 1998, which is presented in the first section of this report, was made for the primary purpose of formulating an opinion on these statements. This additional information has been subjected to the applicable audit procedures we performed in our original examination of the related basic financial statements.

In our opinion, the supplementary financial information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Minchew, Robinson, Gardner, Langston and Bryan

May 13, 1999

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

MARCH 31, 1999

ORGANIZATION, HISTORY AND CONTROL

Citizens Medical Center, a 40-bed hospital located in Columbia, Louisiana, began operation February 14, 1980. It is owned and operated by the Caldwell Parish Hospital Service District No. 1, a political subdivision of the State of Louisiana.

The District is governed by the Hospital Service District Board whose members at the date of this report are:

LEON BASCO	CHAIRMAN
JOE TYLER	VICE-CHAIRMAN
MARY NORRIS	TREASURER
HENRY BYRD	
MAX SHORES	

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

INCOME STATEMENT DETAIL
For The Years Ended March 31, 1999 And 1998

DEPARTMENTAL PATIENT REVENUES

	1999			1998		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Patient Service Revenues						
Nursing service	\$ 930,355	\$	\$ 930,355	\$1,091,237	\$	\$ 1,091,237
Nursing service - observation	4,897	16,575	21,472	3,818	11,144	14,962
Pharmacy	1,476,161	684,784	2,160,945	1,642,910	580,005	2,222,915
IV solutions	491,567	28,541	520,108	557,850	26,991	584,841
Medical and surgical	902,058	336,243	1,238,301	912,729	289,444	1,202,173
Laboratory	765,400	557,429	1,322,829	851,109	450,836	1,301,945
Radiology	216,789	271,401	488,190	242,198	259,783	501,981
Operating room	49,531	62,307	111,838	51,942	45,192	97,134
Anesthesia	39,098	88,296	127,394	54,122	63,768	117,890
Blood	10,163	2,405	12,568	16,373	740	17,113
Respiratory care	1,152,496	82,686	1,236,182	1,449,546	91,128	1,540,674
Physical therapy	8,235	35	8,270	19,104	49	19,153
Emergency room	159,728	214,996	374,724	423,077	7,125	430,202
Emergency room - physician fees	20,168	262,493	282,661	4,297	297,636	301,933
Recovery room	4,292	11,340	15,632	5,858	8,352	14,210
EKG's	71,720	44,767	116,487	74,305	39,728	114,033
Monitors	130,104	73,761	203,865	161,895	73,841	235,736
EEG's	5,227	2,297	7,524	300	5,380	5,680
Nuclear medicine	825		825	1,590		1,590
Ultra-sound	69,536	42,633	112,169	58,027	41,433	99,460
CT Scan	112,185	146,759	258,944	108,089	149,560	257,649
Oncology/hematology	1,276	114,674	115,950		135,887	135,887
Sleep study		125	125			
Totals	\$6,622,811	\$3,044,547	\$ 9,667,358	\$7,730,376	\$2,578,022	\$10,308,398

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

INCOME STATEMENT DETAIL
For The Years Ended March 31, 1999 And 1998

DEPARTMENTAL EXPENSES

	1999			1998		
	SALARIES	SUPPLIES, FEES AND OTHER EXPENSES	TOTAL	SALARIES	SUPPLIES, FEES AND OTHER EXPENSES	TOTAL
Pharmacy	\$ 123,573	\$ 435,066	\$ 558,639	\$ 125,904	\$ 461,771	\$ 587,675
IV solutions		68,325	68,325		70,224	70,224
Medical and surgical		192,294	192,294		148,313	148,313
Laboratory	175,562	289,762	465,324	170,437	282,914	453,351
Radiology	151,105	67,845	218,950	140,914	61,993	202,907
Operating room	86,384	14,333	100,717	86,661	10,880	97,541
Anesthesia	94,610	1,158	95,768	89,265	1,586	90,851
Blood		19,643	19,643		14,732	14,732
Respiratory therapy	176,747	33,787	210,534	149,537	43,947	193,484
Physical therapy	12,244	12,721	24,965	8,447	19,859	28,306
Emergency room	178,706	537,430	716,136	94,899	531,143	626,042
EKG		43,678	43,678		49,285	49,285
EEG		4,837	4,837		1,518	1,518
CT Scans		117,948	117,948		106,413	106,413
Ultra sounds		30,375	30,375		12,163	12,163
Nuclear medicine		3,433	3,433		2,113	2,113
Administration	420,337	1,040,735	1,461,072	407,185	919,669	1,326,854
Dietary	138,642	144,527	283,169	135,272	164,061	299,333
Housekeeping	104,960	25,561	130,521	87,303	27,006	114,309
Nursing service	1,039,836	52,861	1,092,697	1,117,980	72,975	1,190,955
Maintenance and plant	52,084	160,050	212,134	59,528	162,172	221,700
Medical records	109,183	13,355	122,538	117,116	10,143	127,259
Purchasing	55,216	5,105	60,321	49,029	3,351	52,380
Laundry and linens		39,292	39,292		45,906	45,906
Transportation	12,051	6,159	18,210	9,555	9,925	19,480
Oncology	92,879	38,150	131,029	62,938	39,376	102,314
Physicians Office		14,313	14,313		17,118	17,118
Totals	\$3,024,119	\$3,412,743	\$ 6,436,862	\$2,911,970	\$3,290,556	\$ 6,202,526