

Martin H. Boudo, CPA
Bobby D. Lester, CPA
John S. Wells, CPA
Robert G. Miller, CPA

Linda L. Wright, CPA
Paul A. Delaney, CPA
William L. Henry, CPA

EASLEY, LESTER AND WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
3000 BAYOU LAFAYETTE ROAD
ALBUQUERQUE, LOUISIANA 70001

Telephone (504) 887-1400
Telex 503044 ELS

Members
American Institute of CPAs
AICPA Division for CPA Firms -
Private Companies Practice Section
Society of Louisiana CPAs

Mailing Address:
P.O. Box 8708
Metairie, LA 70001-7108

Independent Auditor's Report on Compliance
Based on an Audit of General Purpose
Financial Statements Performed in accordance with
COMMERCE DEPARTMENT REGULATORY STANDARDS

Board of Commissioners
Hospital Service District No. 18
Parish of Richland, State of Louisiana
Rayville, Louisiana 71269

We have audited the general purpose financial statements of the Richland Parish Hospital Service District No. 18 (the District or the Hospital) as of and for the years ended September 30, 1984, 1985 and 1986, and have issued our report thereon dated December 12, 1986.

We conducted our audits in accordance with generally accepted auditing standards and Commerce Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

The results of our tests disclosed no instances of noncompliance that are required to be reported under Commerce Auditing Standards.

While performing our audits, we read the responses to the questions in the Systems Survey and Compliance Questionnaire completed by management and adopted by the Board of Commissioners and found no evidence that would indicate that the Hospital Service District had not answered the questions correctly. However, it should be noted that our audits are not directed primarily towards the answers to the questions in the questionnaire.

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHMOND MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1995 AND 1996

NOTE 8 - LONG-TERM DEBT

Following is a summary of notes and capital lease obligations as September 30.

	1994	1995	1996
<p>A note payable to Richland State Bank for laparoscope equipment was made on April 1, 1991, with a maturity date January 1, 1995. The note calls for 48 monthly payments of \$2,138, which includes principal and interest at 8% per annum. The note is secured with a book value of \$41,430, \$79,547 and \$85,400 as of September 30, 1994, 1995 and 1996, respectively.</p>	\$	0-	\$ 2,295
<p>A note payable to Richland State Bank for an office building was made on April 1, 1991, with a maturity date March 1, 1999. The note calls for 96 monthly payments of \$1,410, which includes principal and interest at 8% per annum. The note is secured by the office building with a book value of \$77,508, \$82,500 and \$87,508 as of September 30, 1994, 1995 and 1996, respectively.</p>	38,348	49,760	62,365
<p>A note payable to Alcon for eye surgery equipment was made on October 1, 1992, with a maturity date of January 7, 1996. The note calls for 36 monthly payments of \$3,813 which includes principal and interest at 8% annum. The note is secured by the equipment with a book value of \$81,371, and \$79,057 as of September 30, 1995 and 1996, respectively.</p>	0-	12,868	38,444
<p>A note payable to H&O Corporation for property and malpractice insurance was made on October 1, 1995 with a maturity date of June 1, 1998. The note calls for 7 monthly payments of \$7,709 which includes principal and interest at 8.983% per annum. The note is secured by unearned premiums, dividends and loss payments.</p>	\$	0-	\$ 59,810
			\$ 60,682

HOSPITAL SERVICE DISTRICT NO. 18
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993 AND 1992

NOTE 8 - LONG-TERM DEBT (Continued)

	1994	1993	1992
Capital lease obligations, at varying rates of imputed interest from 0 percent to 12 percent collateralized by leased equipment.	\$ 183,863	\$ 68,338	\$ 76,631
Total note and capital lease obligations	160,279	194,490	287,370
Less current maturities of long-term debt and capital lease obligations	49,325	113,810	151,462
Long-term debt	\$ 110,954	\$ 80,680	\$ 135,908

a table of principal maturities over the next five years follow:

Year Ended September 30	Notes and Leases
1997	\$ 48,365
1998	46,731
1999	32,683
2000	16,421
2001	8,528
Total	\$ 152,728

The Hospital leases equipment under capital lease agreements expiring in various years. The assets and liabilities under capital leases are recorded at the fair value of the asset. The assets are depreciated over their estimated useful lives. Depreciation of assets under capital leases is included in depreciation expense.

The following is a summary of property held under capital leases:

	1994	1993	1992
Lanier Copiers	\$ 85,110	\$ 59,610	\$ 65,988
Vending Machine	3,773	3,773	3,773
ASAC Computer	68,693	56,693	56,693
	157,576	120,076	126,454
Less: Accumulated Depreciation	(71,422)	(36,876)	(100,521)
Total	\$ 86,154	\$ 83,200	\$ 25,933

Board of Commissioners
Hospital Service District No. 18
Parish of Richland, State of Louisiana
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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. However, this report is a matter of public record and its distribution is not limited.

Earley, Lester & Wells
Certified Public Accountants

December 15, 1994

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHMOND MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF REVENUE AND EXPENSE
 FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
Net Patient Service Revenue	\$ 16,479,374	\$ 10,813,957	\$ 9,889,184
Other Operating Revenue	<u>127,483</u>	<u>143,438</u>	<u>132,888</u>
Total Operating Revenue	<u>16,606,857</u>	<u>10,957,395</u>	<u>10,022,072</u>
Operating Expenses			
Salaries	5,209,749	4,148,838	3,958,845
Benefits and payroll taxes	156,948	284,825	412,978
Retirement (Other PFI)	322,558	292,000	174,831
Medical supplies and drugs	854,237	800,382	784,171
Medical professional fees	2,244,104	1,403,138	1,677,426
Other expenses	2,870,988	1,882,487	1,633,032
Insurance	270,988	235,343	268,434
Interest expense	12,713	15,367	24,185
Depreciation and amortization	391,473	364,900	317,449
Provision for bad debts	<u>1,278,734</u>	<u>338,128</u>	<u>728,322</u>
Total Operating Expenses	<u>15,858,983</u>	<u>10,545,388</u>	<u>10,086,129</u>
Profit (Loss) From Operations	<u>747,874</u>	<u>412,007</u>	<u>935,943</u>
Nonoperating Revenue (Expense)			
Interest income on investments limited as to use	66,465	18,185	21,187
Interest income, other	12,188	22,877	21,241
Gain (loss) on disposal of equipment	3,483	13,132	20,841
Contributions	-	1,722	580
Property tax	234,384	324,439	224,526
Grants	<u>28,734</u>	<u>75,880</u>	<u>125,880</u>
Total Nonoperating Revenue	<u>345,154</u>	<u>455,243</u>	<u>514,255</u>
Excess Revenue (Expense)	<u>\$ 1,093,028</u>	<u>\$ 867,250</u>	<u>\$ 1,450,198</u>

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

In planning and performing our audits of the financial statements of the District for the years ended September 30, 1985, 1986 and 1987, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in accounts 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 structure and its operation that we consider to be material weaknesses as defined above.

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.

Earley, Lester & Wells
Certified Public Accountants

December 15, 1986

Marvin H. Keady, CPA
Dobby G. Lester, CPA
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Mailing Address
P.O. Box 8758
Metairie, LA 70008-7158

Independent Auditors' Report on Internal Control
Structure Based on an Audit of General Purpose
Financial Statements Performed in accordance with
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Hospital Service District No. 18
Parish of Richland, State of Louisiana
Rayville, Louisiana 71268

We have audited the general purpose financial statements of the Richland Parish Hospital Service District No. 18 (the District or the Hospital) for the years ended September 30, 1996, 1995 and 1994, and have issued our report thereon dated December 17, 1996.

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 financial statements are free of material misstatement.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, business and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the effectiveness of the design and operation of policies and procedures may deteriorate.

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE TERRITORY OF BACHLARD, STATE OF LOUISIANA
 ECONOMIC MEDICAL CENTER
 SCHEDULE OF FEE DISE AND
 OTHER COMPENSATION PAID TO BOARD MEMBERS
 FOR THE YEARS ENDED SEPTEMBER 30, 1956, 1955 AND 1954

Board Member:	-----TERM-----				
	1954	1955	1956	1955	1954
Mr. W. L. Strong	11/20/50	07/20/50	NONE	NONE	NONE
Mr. Oliver Holland	06/18/50	06/30/50	NONE	NONE	NONE
Mr. Calvin Cook	08/21/51	12/27/51	N/A	N/A	NONE
Mr. Wesley Dwyer	03/01/50	06/18/50	NONE	NONE	NONE
Mr. Betty Hill	03/01/50	06/30/54	N/A	NONE	NONE
Mr. Moses Wilkins	12/21/50	12/21/50	NONE	NONE	N/A
Ms. Dona McKay	12/02/51	12/21/50	NONE	NONE	N/A
Dr. Craig P. Felton	03/03/50	12/02/50	NONE	N/A	N/A

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF BOSSIERE, STATE OF LOUISIANA
 RICHMOND MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NET PATIENT SERVICE REVENUE (Continued)
 FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993, AND 1992

	1994	1993	1992
Central supply			
Inpatient	\$ 486,406	\$ 442,114	\$ 489,535
Outpatient	343,488	433,844	463,726
Dwelling bed	40,896	29,478	18,057
Home health	47,899	25,886	41,419
Senior care	<u>12,288</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>1,317,977</u>	<u>931,322</u>	<u>1,012,737</u>
Pharmacy			
Inpatient	2,356,380	1,729,679	1,742,797
Outpatient	855,847	555,934	478,832
Dwelling bed	174,324	218,968	152,431
Senior care	<u>189,233</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>3,575,784</u>	<u>2,504,581</u>	<u>2,374,060</u>
Diagnostics			
Inpatient	73	234	484
Outpatient	<u>82,025</u>	<u>63,832</u>	<u>32,218</u>
Total	<u>82,098</u>	<u>64,066</u>	<u>32,702</u>
Rural health clinic			
outpatient	<u>1,473,575</u>	<u>548,793</u>	<u>-0-</u>
Emergency room			
Inpatient	89,406	64,115	67,368
Outpatient	947,349	895,313	895,654
Dwelling bed	184	158	-0-
Senior care	<u>1,355</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>1,038,694</u>	<u>960,586</u>	<u>963,022</u>
OBSERVATION ROOM			
Outpatient	<u>29,328</u>	<u>36,213</u>	<u>48,283</u>
Home health			
Skilled nursing visits	1,511,852	1,754,001	1,967,578
Physical therapy visits	51,890	66,948	77,748
Social service visits	6,480	13,480	23,040
Speech therapy visits	17,160	13,375	12,379
Aide visits	<u>1,856,812</u>	<u>966,812</u>	<u>803,533</u>
Total	<u>3,464,194</u>	<u>2,814,617</u>	<u>3,084,278</u>

(Continued)

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 ROOSEVELT MEDICAL CENTER
 HOSPITAL INTERIMPOSE FUND
 SCHEDULE OF OPERATING EXPENSES - SALARIES AND BENEFITS
 FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993 AND 1992

	1994	1993	1992
administrative and general	\$ 432,127	\$ 487,427	\$ 376,483
Fleet operations and maintenance	84,746	84,736	83,846
Housekeeping	148,422	138,173	132,576
Inventory & materials	168,866	106,264	106,399
Nursing administration	39,119	39,255	38,432
Central supply	14,190	7,734	7,018
Pharmacy	137,213	128,398	123,347
Medical records	70,938	84,704	57,080
Manning services	1,883,294	983,444	824,324
Intensive care unit	216,968	233,358	209,384
Senior care unit	403,000	3,441	-
Operating room	214,318	222,334	204,851
Radiology	218,043	189,127	144,384
Laboratory	16,145	7,590	-
Respiratory therapy	144,761	133,634	113,870
Physical therapy	31,480	24,830	21,696
Occupational therapy	509	-	-
ICC and OIC	22,844	21,733	21,208
Oncology	24,249	24,143	13,718
Oral health clinic	841,518	84,352	-
Emergency room	204,282	203,158	245,443
Home health	767,233	868,838	974,345
Private physician clinic	173,411	116,017	104,940
ICD and	<u>33,488</u>	<u>88,328</u>	<u>43,482</u>
Total salaries	<u>3,228,362</u>	<u>3,183,820</u>	<u>2,950,820</u>
Payroll taxes	27,242	42,736	127,834
Hospital insurance	173,438	116,808	286,826
Other	<u>6,869</u>	<u>6,592</u>	<u>13,121</u>
Total benefits	<u>197,549</u>	<u>166,132</u>	<u>427,781</u>
Total salaries and benefits	<u>\$ 3,425,911</u>	<u>\$ 3,350,082</u>	<u>\$ 3,378,601</u>

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 OTHER OPERATING REVENUE
 FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993 AND 1992

	1994	1993	1992
	\$	\$	\$
Telephone	78	188	87
Cafeteria	40,138	38,385	21,287
Medical Records	3,690	3,881	4,351
Printing Machines	39,540	29,382	31,821
LMA Insurance Refund	3,237	1,000	13,825
Restals	43,735	37,980	36,438
Pharmacy Sales to Employees	43,948	34,856	20,857
Miscellaneous	<u>5,002</u>	<u>3,881</u>	<u>3,182</u>
Total Other Operating Revenue	<u>\$ 132,483</u>	<u>\$ 162,432</u>	<u>\$ 132,808</u>

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF RICHMOND, STATE OF LOUISIANA
 RICHMONDS MEDICAL CENTER
 HOSPITAL BUDGETING FUND
 NET PRESENT SERVICE REVENUE (Continued)
 FOR THE YEARS ENDED SEPTEMBER 30, 1995, 1994 AND 1993

	1995	1994	1993
Blood			
Inpatient	\$ 18,168	\$ 20,326	\$ 24,847
Outpatient	4,715	3,851	7,388
Sling bed	3,868	3,578	1,858
Senior care	<u> </u>	<u> </u>	<u> </u>
Total	<u>26,751</u>	<u>27,755</u>	<u>34,093</u>
Respiratory Therapy			
Inpatient	1,424,643	1,707,787	1,082,167
Outpatient	96,028	83,643	17,148
Sling bed	182,382	139,364	78,848
Senior care	<u> </u>	<u> </u>	<u> </u>
Total	<u>1,703,053</u>	<u>1,930,794</u>	<u>1,178,163</u>
Physical therapy			
Inpatient	84,847	86,657	89,343
Outpatient	151,821	172,088	157,768
Sling bed	56,918	62,674	73,714
Senior care	<u> </u>	<u> </u>	<u> </u>
Total	<u>293,586</u>	<u>321,419</u>	<u>320,825</u>
Occupational therapy			
Inpatient	8,842	-0-	-0-
Outpatient	2,925	371	-0-
Home health	4,970	25,865	18,870
Sling bed	380	-0-	-0-
Senior care	<u> </u>	<u> </u>	<u> </u>
Total	<u>16,117</u>	<u>26,236</u>	<u>18,870</u>
Electrocardiology			
Inpatient	278,132	226,996	164,505
Outpatient	172,444	171,685	98,604
Sling bed	2,308	1,737	992
Senior care	<u> </u>	<u> </u>	<u> </u>
Total	<u>452,884</u>	<u>399,418</u>	<u>264,101</u>

Continued

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF BOSSHARD, STATE OF LOUISIANA
 NICHOLSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NET PATIENT SERVICE REVENUE (Continued)
 FOR THE YEARS ENDED SEPTEMBER 30, 1990, 1991 AND 1992

	1990	1991	1992
Kit and			
Outpatient	\$ 12,185	\$ 20,500	\$ 80,544
Hospital physician			
Outpatient	18,820	319,408	324,385
Other Professional Services			
Inpatient	7,280,224	5,893,183	5,469,928
Outpatient	7,094,855	5,316,953	4,443,875
Swing bed	485,360	575,406	379,383
Home Health	3,488,841	3,877,495	3,841,250
Dental care	858,321	-0-	-0-
Total Other Professional Services	<u>18,488,325</u>	<u>26,663,237</u>	<u>19,153,636</u>
Gross Patient Service Charges	<u>25,885,550</u>	<u>28,821,893</u>	<u>16,826,583</u>
Contractual adjustments	2,002,884	3,296,232	4,259,506
Discounts	<u>384,301</u>	<u>69,772</u>	<u>71,790</u>
Total Allowances and Miscellaneous	<u>2,387,185</u>	<u>3,366,004</u>	<u>4,331,296</u>
Net Patient Service Revenue	<u>\$ 16,429,325</u>	<u>\$ 22,813,892</u>	<u>\$ 9,889,188</u>

HOSPITAL SERVICE DISTRICT NO. 15
 OF THE PARISH OF ECHOLS, STATE OF LOUISIANA
 RICHARDSON REGIONAL CENTER
 HOSPITAL ENTERPRISE FUND

SCHEDULE OF OPERATING EXPENSES - MEDICAL PROFESSIONAL FEES
 FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
Senior care services	\$ 232,365	\$ 2,872	\$ -0-
Operating room	22,080	6,578	8,848
Anesthesiology	198,324	297,978	174,688
Laboratory	689,889	588,000	588,000
Respiratory therapy	2,809	-0-	-0-
Physical therapy	1,110	813	688
Occupational therapy	3,974	-0-	-0-
EEG	17,385	23,633	7,311
Rural health clinic	489,281	553,612	-0-
Emergency room	684,646	663,318	684,372
Home health	94,670	60,699	87,357
Private physician clinics	<u>7,580</u>	<u>-0-</u>	<u>165,923</u>
Total professional fees	\$ <u>3,364,304</u>	\$ <u>3,623,118</u>	\$ <u>3,637,624</u>

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF ORLEANS, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 SCHEDULE OF OPERATING EXPENSES - OTHER EXPENSES
 FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
Contract services	\$ 1,443,938	\$ 447,360	\$ 329,807
Legal and accounting	89,615	34,053	40,502
Supplies	492,914	474,154	490,501
Repairs and maintenance	187,876	148,980	136,455
Utilities	187,151	158,907	133,475
Telephone	82,258	65,783	55,428
Travel	109,283	118,548	119,446
Reprints	36,369	53,853	50,480
Education	112,770	48,433	63,369
Recruitment and advertising	39,483	14,344	19,094
Miscellaneous	<u>28,662</u>	<u>30,968</u>	<u>33,283</u>
Total other expenses	<u>\$ 2,923,988</u>	<u>\$ 1,823,692</u>	<u>\$ 1,613,622</u>

HOSPITAL SERVICE DISTRICT NO. 12
OF THE PARISH OF ORLEANS, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993 AND 1992

NOTE 10 - PENSION PLAN

The Hospital participates in a defined contribution profit sharing pension plan, along with an affiliated organization, Richard Parish Hospital - Delhi. Employees completing three years of employment with at least 1,000 hours of service are eligible to participate. Contributions to the plan by the Hospital are determined by the Board of Commissioners, not to exceed 1% of the participant's compensation. Pension expense charged to operations was \$-0-, \$-0- and \$4,859 in 1994, 1993 and 1992, respectively. On June 28, 1994, the Board of Commissioners adopted a resolution to terminate the Plan.

The Hospital elected to withdraw from the Social Security System effective January 1, 1994. In place of Social Security, the Hospital established a nonqualified defined contribution annuity plan. Employees are eligible to participate upon the date of employment and after one year of service the employee is fully vested in the employer's matching contribution. Contributions to the plan by the Hospital are determined by the Board of Commissioners at a minimum of 7.5% of the participant's compensation. The amounts charged to pension expense under this plan were \$137,548, \$247,030, and \$188,957 for the years ended September 30, 1994, 1993 and 1992, respectively.

NOTE 11 - COMPENSATED ABSENCE

Employees of the Hospital are entitled to paid days off and sick days depending on length of service. The Hospital accrued \$113,008, \$96,108, and \$108,888 of vacation pay at September 30, 1994, 1993 and 1992, respectively. It is impracticable to estimate the amount of compensation for future accrued sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital's policy is to recognize the cost of accrued sick pay when actually paid to employees.

NOTE 12 - PROFESSIONAL LIABILITY RISK

The Hospital participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide medical professional liability coverage to health-care providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the Hospital is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the PCF, the State of Louisiana enacted legislation limiting the amount of health-care provider settlement for professional liability to \$200,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence.

NOTE 13 - CONTINGENCIES

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

HOSPITAL SERVICE DISTRICT NO. 18
OF THE PARISH OF RICHMOND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

NOTE 11 - CONTINGENCIES (Continued)

The principal contingencies are described below:

Environmental Third Party Reimbursement Programs (Note 4) - The Hospital is contingently liable for retrospective adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retrospective changes in interpretations applying statutes, regulations and general instructions of these programs. The amount of such adjustments cannot be determined.

Further, in order to continue receiving reimbursement from the Medicare program, the Hospital entered into an agreement with a government agent allowing the agent access to the Hospital's Medicare patient medical records for purposes of making medical necessity and appropriateness level of care determinations. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the Hospital.

Professional Liability Risk (Note 12) - The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Doctors' Compensation Fund or the Hospital's insurance carrier.

The Hospital participates in the Louisiana Hospital Association Self-Insurance Doctors' Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the Hospital is contingently liable for assessments by the Louisiana Hospital Association Trust Fund.

The Hospital also participates in the Louisiana Hospital Association Self-Insurance Employee Benefits Trust Fund. If the fund's assets are not adequate to cover the claims made against it, the Hospital will be assessed its pro rata share of the resulting deficit. The Hospital estimated the amount of the additional assessments to be \$4,125 at September 30, 1994, and included this amount in accrued expenses.

Two physicians have filed a suits against the Hospital based upon a contract dispute. The Hospital intends to vigorously defend itself. Management is unable to reasonably estimate a liability, if any, should the plaintiffs prevail. To the extent litigation costs are incurred, they shall be charged against operations as litigation services are obtained and billings received.

SUPPLEMENTAL INFORMATION

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF RICHMOND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED SEPTEMBER 30, 1998, 1999 AND 1996

NOTE 2. - LEASE TERM DEBT (Continued)

Minimum future lease payments under capital leases as of September 30, 1998, and for each subsequent year in aggregate are provided below:

<u>Year Ended September 30</u>	<u>Dollars</u>
1997	\$ 43,708
1998	36,694
1999	18,810
2000	16,387
2001	<u>8,468</u>
Total minimum lease payments	124,118
Less: Amounts representing interest	<u>35,437</u>
Net minimum lease payments	\$ <u>88,681</u>

Interest rates on capital leases vary from 0.25% to 22.25% and are imputed based on the lessee's implicit rate of return.

NOTE 3. - AFFILIATED ORGANIZATION

Affiliated organizations include Richmond Parish Hospital Service District No. 1, Richmond Parish Hospital Service District No. 1a, and the Richmond Parish Police Jury. The districts are related because they are all political subdivisions of the Richmond Parish Police Jury who appoints their commissioners.

During the fiscal years ended September 30, the Hospital had the following transactions and balances with its affiliated organization, Richmond Parish Hospital Service District No. 1a, aka Richmond Parish Hospital - Dulch:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Accounts receivable	\$ <u>25,821</u>	\$ <u>22,228</u>	\$ <u>18,116</u>
Revenue	\$ <u>26,528</u>	\$ <u>28,528</u>	\$ <u>28,512</u>
Receipts	\$ <u>28,372</u>	\$ <u>26,528</u>	\$ <u>23,981</u>

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 KNOXWOOD MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 STATEMENT OF CASH FLOW
 FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
Cash Flows from Operating and Non-operating Activities:			
Major Revenue Component	\$ 1,173,008	\$ 889,803	\$ 649,043
Adjustments to reconcile income statement (expenses) to net cash provided by operations			
month items included in net income			
Depreciation	379,434	394,243	317,648
(Gain) loss on disposal of assets	(3,483)	(13,133)	(10,943)
Interest expense	12,313	15,347	24,165
Interest income	(84,993)	(42,343)	(32,348)
Change in current assets (Increase) decrease			
Accounts receivable (net)	(518,648)	281,488	175,680
Accrued expenses	(7,821)	(3,321)	(1,193)
Inventory	(138)	(38,353)	62,641
Prepaid expenses	4,685	(28,374)	(47,583)
Deposits	-0-	37,340	(19,348)
Change in current liabilities (increase) (decrease)			
Accounts payable	35,088	138,347	42,568
Accrued expenses	(134,624)	(328,413)	185,297
Unearned revenue	-0-	-0-	(75,800)
Change in other assets (Increase) decrease	<u>18,918</u>	<u>(82,321)</u>	<u>-0-</u>
Net cash flow from operating and nonoperating activities	<u>895,868</u>	<u>1,115,532</u>	<u>825,625</u>
Cash Flows from Investing Activities:			
Cash invested in assets limited as to use	(667,447)	(748,437)	(8,599)
Cash proceeds from assets limited as to use	95,113	205,548	121,170
Interest income	<u>83,593</u>	<u>62,382</u>	<u>32,368</u>
Net cash flow from Investing activities	<u>\$ (488,741)</u>	<u>\$ (480,607)</u>	<u>\$ (165,169)</u>

(Continued)

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

HOSPITAL SERVICE DISTRICT NO. 18
OF THE PARISH OF BOSSHARD, STATE OF LOUISIANA
RICHMONDS MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1990, 1991 AND 1994

NOTE 6 - ASSETS LIMITED AS TO USE

The following assets are restricted as to use as designated below:

	1986	1991	1994
Restricted by Hospital Board			
To be used for asset additions and replacements			
Certificates of deposit	\$ 1,708,091	\$ 1,345,932	\$ 409,094
To be used for unemployment funds			
Certificates of deposit	33,181	26,318	33,323
IRA Trust Deposits	<u>23,480</u>	<u>17,663</u>	<u>13,823</u>
Assets limited as to use	<u>\$ 1,764,752</u>	<u>\$ 1,389,513</u>	<u>\$ 456,240</u>

NOTE 7 - OTHER ASSETS

Other assets consist of the following:

	1986	1991	1994
Start-up Cost	\$ 45,000	\$ 45,000	\$ -
Medical Scholarships Receivable	34,145	27,132	34,900
Less: amortization	<u>118,685</u>	<u>286,717</u>	<u>-</u>
Total	<u>\$ 60,460</u>	<u>\$ 65,415</u>	<u>\$ 34,900</u>

Start-up cost are expenses incurred in establishing a center care unit. These expenses are capitalized and will be amortized over a 60 month period.

Medical scholarship receivables are amounts paid to student doctors for tuition. The scholarships are an incentive to attract physicians to the local community. If the physician establishes his or her practice locally, then the scholarship is deemed as being repaid over a period of time. Otherwise, there are provisions for the physician to repay the scholarship with interest.

Harvie H. Beasley, CPA
Bobby G. Lester, CPA
John B. Wells, CPA
Robert C. Miller, CPA

Linda L. Wright, CPA
Paul A. Delaney, CPA
Michael L. Henry, CPA

KASLEY, LESTER AND WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
3000 JEWELL BLVD. SUITE 1000
ALBANY, LOUISIANA 71703

Telephone (504) 887-1400
Telex 5230 443-1360

Members
American Institute of CPAs
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Society of Louisiana CPAs

Mailing Address:
P.O. Box 8788
Monroe, LA 71209-1788

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Hospital Service District No. 18
Parish of Richland, State of Louisiana
Rayville, Louisiana

We have audited the accompanying general purpose financial statements of Hospital Service District No. 18, Parish of Richland, (the Hospital), a component unit of the Richland Parish Police Jury, as of and for the years ended September 30, 1994, 1995 and 1996, listed in the foregoing Table of Contents. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audits 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 Hospital Service District No. 18, Parish of Richland, as of and for the years ended September 30, 1994, 1995 and 1996, and the results of its operations and cash flow for the years there ended, in conformity with generally accepted accounting principles applicable to governmental entities.

In accordance with Government Auditing Standards, we have also issued a report dated December 17, 1996, on our consideration of the Hospital's internal control structure and a report dated December 17, 1996, on its compliance with laws and regulations.

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF RICHMOND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 DELAWARE BONDS
 SEPTEMBER 30, 1994, 1993 AND 1992

ASSETS	1994	1993	1992
Current			
Cash and cash equivalents (Note 3)	\$ 499,332	\$ 633,332	\$ 708,000
Accounts receivable net of estimated uncollectibles \$ 248,000, \$ 208,800 and \$ 801,000 in 1994, 1993 and 1992, respectively (Note 4)	2,307,239	1,798,581	1,998,069
Accrued interest	10,568	7,947	4,828
Inventory	283,992	287,838	277,878
Prepaid expenses	174,198	180,885	180,711
Deposits	-0-	-0-	23,380
Total Current Assets	<u>3,189,329</u>	<u>2,908,583</u>	<u>3,392,866</u>
Property, plant and equipment, less accumulated depreciation of \$5,126,204, \$4,818,829, and \$5,883,699 in 1994, 1993 and 1992, respectively (Note 5)	2,179,893	2,804,243	1,701,289
Assets limited as to use (Note 6)	1,734,856	1,587,321	808,902
Other (Note 7)	82,427	103,638	58,908
Total Assets	<u>\$ 7,222,327</u>	<u>\$ 6,203,023</u>	<u>\$ 5,550,718</u>
LIABILITIES AND FUND BALANCE			
Current			
Accounts payable	\$ 514,618	\$ 678,938	\$ 308,791
Accrued expenses	127,561	219,177	593,349
Current portion of lease obligation and long-term debt	67,323	115,938	158,482
Total Current Liabilities	<u>699,499</u>	<u>804,053</u>	<u>1,060,622</u>
Long-term			
Capital lease obligation and notes payable (Note 8)	95,366	28,283	115,998
Total Liabilities	<u>794,865</u>	<u>832,336</u>	<u>1,176,620</u>
Fund Balance	<u>6,427,462</u>	<u>5,370,687</u>	<u>4,374,098</u>
Total liabilities and Fund Balance	<u>\$ 7,222,327</u>	<u>\$ 6,203,023</u>	<u>\$ 5,550,718</u>

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

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF ECHOLS, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NET PATIENT SERVICE REVENUE
 FOR THE YEARS ENDED SEPTEMBER 30, 1976, 1975 AND 1974

	1976	1975	1974
Routine Services:			
Adult and pediatric	\$ 1,463,710	\$ 1,412,739	\$ 1,448,376
Swing-bed	131,810	346,025	124,685
Senior care	<u>1,383,814</u>	<u>0-</u>	<u>0-</u>
Total Routine Services	<u>3,379,334</u>	<u>1,758,764</u>	<u>1,573,061</u>
Other Professional Services:			
Operating room			
Inpatient	364,853	358,258	309,349
Outpatient	436,383	339,189	300,354
Swing bed	17,188	9,327	5,126
Senior care	<u>3,388</u>	<u>0-</u>	<u>0-</u>
Total	<u>821,712</u>	<u>696,774</u>	<u>614,829</u>
Anesthesiology			
Inpatient	293,058	130,896	188,288
Outpatient	144,254	351,257	289,733
Swing bed	12,546	6,213	6,138
Senior care	<u>3,312</u>	<u>0-</u>	<u>0-</u>
Total	<u>453,170</u>	<u>478,366</u>	<u>484,159</u>
Radiology			
Inpatient	790,828	615,988	679,834
Outpatient	1,855,812	887,635	853,023
Swing bed	29,813	30,618	18,981
Senior care	<u>48,682</u>	<u>0-</u>	<u>0-</u>
Total	<u>2,725,135</u>	<u>1,534,241</u>	<u>1,551,838</u>
Laboratory			
Inpatient	1,019,024	832,234	732,834
Outpatient	638,734	685,388	581,175
Swing bed	88,249	47,858	31,384
Senior care	<u>160,223</u>	<u>0-</u>	<u>0-</u>
Total	<u>1,906,230</u>	<u>1,565,480</u>	<u>1,345,393</u>

(Continued)

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF ECHOLS, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF CHANGE IN FUND BALANCE AND COMPONENTS
 FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
CHANGE IN FUND BALANCE:			
Balance, beginning of year	\$ 5,366,871	\$ 4,376,968	\$ 3,801,900
Excess revenues (expenses)	<u>1,133,829</u>	<u>889,803</u>	<u>649,063</u>
Balance, September 30	<u>\$ 6,439,829</u>	<u>\$ 5,266,871</u>	<u>\$ 4,376,968</u>
COMPOSITION OF FUND BALANCE:			
Contributions			
Transfers from Echols Parish Hospital Service District No. 1	\$ 5,943,189	\$ 5,943,189	\$ 5,943,189
Excess of expenses over revenue	<u>888,829</u>	<u>(126,220)</u>	<u>(1,566,132)</u>
Total	<u>\$ 6,439,829</u>	<u>\$ 5,266,871</u>	<u>\$ 4,376,968</u>

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

HOSPITAL SERVICE DISTRICT NO. 18
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHMOND MEDICAL CENTER
HOSPITAL ENTERPRISE FUNDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1995, 1993 AND 1994

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Richland Parish Hospital Service District No. 18 (the Hospital or the District) was created by an ordinance of the Richland Parish Police Jury on April 18, 1989. The District is comprised of the entire parish excluding Ward 1 of the Parish of Richland, State of Louisiana, as constituted as of the date of the ordinance.

Effective as of October 1, 1989, Richland Parish Hospital Service District No. 18 which operated hospitals in Dulit and Bayville transferred operations of the hospital in Bayville and clinic in Mangham to Richland Parish Hospital Service District No. 18, along with all related assets, liabilities, and equity.

The Hospital is a political subdivision of the Richland Parish Police Jury whose jurors are elected officials. The Hospital's commissioners are appointed by the Richland Parish Police Jury. Governmental Accounting Standards Board Statement No. 34 requires these financial statements to be included in those of the Richland Parish Police Jury.

Range of Business

The Hospital provides outpatients, skilled nursing (through "sitting beds"), home health and acute inpatient hospital services. In September 1995, the District opened a unit to provide perinatal psychiatric services and was recognized as a Medicare "distinct part" unit effective October 1, 1995. Also in 1995, the District began operation of a Rural Health Clinic.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

Enterprise funds are used to account for operations 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.

Method of Accounting

The Hospital uses the accrual method of accounting. Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payers and others for services rendered, including estimated retrospective adjustments under third party reimbursement agreements with third party payers. Retrospective adjustments are accrued on an estimated basis in the period the related services are delivered. Expenses are recorded when incurred. Hospital accounting and reporting procedures also conform to the requirements of the audit and accounting guide, *Audit and Accounting Guide - Health Care Organizations*, published by the American Institute of Certified Public Accountants, and standards set by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE Parish of Richland, State of Louisiana
 ROOSEVELT MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED SEPTEMBER 30, 1998, 1995 AND 1994

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	<u>ASSET COST</u>			
	<u>September 30, 1994</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 1995</u>
Land	\$ -0-	\$ 14,000	\$ -0-	\$ 14,000
Land improvements	37,481	-0-	-0-	37,481
Buildings and improvements	2,551,780	295,849	-0-	2,847,629
Major movable equipment	5,212,886	179,932	634,229	5,358,589
Total	\$ 8,184,947	\$ 489,781	\$ 634,229	\$ 8,640,500

	<u>ACCUMULATED DEPRECIATION</u>			
	<u>September 30, 1994</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 1995</u>
Land improvements	\$ 14,544	\$ 1,464	\$ -0-	\$ 16,008
Buildings and improvements	1,498,124	188,481	-0-	1,686,605
Major movable equipment	3,371,836	242,236	387,133	3,826,939
Total	\$ 5,084,504	\$ 432,181	\$ 387,133	\$ 5,829,552

	<u>ASSET COST</u>			
	<u>September 30, 1993</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 1994</u>
Land improvements	\$ 13,600	\$ -0-	\$ -0-	\$ 13,600
Buildings and improvements	2,351,523	208,150	-0-	2,559,673
Major movable equipment	4,172,818	208,449	115,463	4,265,804
Construction in progress	2,089	-0-	2,089	-0-
Total	\$ 6,660,030	\$ 416,600	\$ 117,552	\$ 7,359,078

	<u>ACCUMULATED DEPRECIATION</u>			
	<u>September 30, 1993</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 1994</u>
Land improvements	\$ 13,605	\$ 1,471	\$ -0-	\$ 15,076
Buildings and improvements	1,484,444	81,477	-0-	1,565,921
Major movable equipment	3,258,328	222,360	102,028	3,378,660
Total	\$ 5,066,377	\$ 305,308	\$ 102,028	\$ 5,669,657

HOSPITAL SERVICE DISTRICT NO. 18
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
ROCHESTER MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1993, 1992 AND 1991

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and money market accounts and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities over 90 days are classified as short-term investments. Cash and cash equivalents and short-term investments are stated at cost, which approximates market value. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Uncollectible Accounts

The Hospital's estimate of collectibility is based on evaluation of historical collections compared to gross revenues to establish an allowance for uncollectible accounts.

Significant Concentration of Economic Dependence

The Hospital has an economic dependence on a small number of staff physicians. These physicians admit over 90% of the Hospital's patients.

Third Party Payer Reimburse

Contractual agreements with governmental agencies provide for reimbursement based on a fixed price per patient stay based upon the patient's primary diagnosis for Medicare inpatient acute services and on a fixed price per patient day for Medicare inpatient acute and psychiatric services. Medicare and Medicaid outpatients and home health services are reimbursed based upon the lesser of reasonable cost (subject to certain limits) or charges to patients. Medicare inpatient psychiatric services are reimbursed based upon the reasonable cost of services to patients. These reimbursements are subject to audit and retroactive adjustments by each payer.

Inventory

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

Prior Year Restatements

Certain items in prior periods have been reclassified to conform with classifications in the current period.

Income Taxes

The entity is a political subdivision and exempt from taxation.

HOSPITAL SERVICE DISTRICT NO. 15
OF THE PARISH OF ECHOLS, STATE OF LOUISIANA
KIDWATER MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

NOTE 4 - ACCOUNTS RECEIVABLE (Continued)

The Hospital receives a substantial portion of its revenues from the Medicare and Medicaid programs at discounted rates. The following is a summary of Medicare and Medicaid patient revenues for the years ended September 30, 1996, 1995 and 1994.

	1996	1995	1994
Medicare and Medicaid charges	\$ 18,234,795	\$ 17,824,941	\$ 11,919,018
Contractual adjustments	<u>6,368,482</u>	<u>3,070,801</u>	<u>4,363,888</u>
 Patient Service Revenue	 <u>\$ 11,866,313</u>	 <u>\$ 14,754,140</u>	 <u>\$ 7,555,130</u>
 Percent of Total Net Patient Revenues	 <u>22%</u>	 <u>23%</u>	 <u>20%</u>

Included in contractual adjustments in 1995 is \$13,408 recovered in a lawsuit against the Louisiana Department of Health and Hospitals for claims during the period from June 1982 through June 1994. The amount was recognized when it became available and measurable as a result of the lawsuit settlement.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation for the years ended September 30, 1996, 1995 and 1994.

	ASSET COST			September 30, 1996
	September 30, 1995	Additions	Reductions	
Land	\$ 18,000	\$ -0-	\$ -0-	\$ 18,000
Land improvements	17,601	11,298	-0-	28,899
Buildings and improvements	2,867,572	111,093	-0-	2,978,665
Major movable equipment	<u>3,826,383</u>	<u>648,786</u>	<u>-0-</u>	<u>4,475,169</u>
 Total	 <u>\$ 6,829,556</u>	 <u>\$ 809,087</u>	 <u>\$ -0-</u>	 <u>\$ 7,638,643</u>
	ACCUMULATED DEPRECIATION			
	September 30, 1995	Additions	Reductions	September 30, 1996
Land improvements	\$ 15,943	\$ 1,512	\$ -0-	\$ 17,455
Buildings and improvements	1,893,724	197,193	-0-	2,090,917
Major movable equipment	<u>3,831,152</u>	<u>246,213</u>	<u>-0-</u>	<u>4,077,365</u>
 Total	 <u>\$ 5,840,819</u>	 <u>\$ 454,918</u>	 <u>\$ -0-</u>	 <u>\$ 6,295,737</u>

HOSPITAL SERVICE DISTRICT NO. 15
 OF THE PARISH OF RICHMOND, STATE OF LOUISIANA
 RICHMOND MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF CASH FLOW (Continued)
 FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
Cash Flows from Capital and Related Financing activities:			
Proceeds of new loans	\$ -0-	\$ 66,980	\$ 100,258
Payments on long-term debt	(122,488)	(120,240)	(186,287)
Interest expense	(12,713)	(25,247)	(26,355)
Purchases of property, plant and equipment	(658,438)	(658,370)	(486,559)
Proceeds from disposal of equipment	<u>3,482</u>	<u>27,316</u>	<u>20,373</u>
Net cash flow from capital and related financing activities	<u>(689,147)</u>	<u>(739,561)</u>	<u>(182,068)</u>
Net increase (decrease) in cash and cash equivalents	(223,990)	(75,871)	385,896
Cash and cash equivalents at beginning of year	<u>612,152</u>	<u>788,023</u>	<u>402,127</u>
Cash and cash equivalents at end of year	\$ <u>388,162</u>	\$ <u>712,152</u>	\$ <u>788,023</u>
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	\$ <u>12,713</u>	\$ <u>25,247</u>	\$ <u>26,355</u>

The Hospital entered into capital lease obligations of \$66,144, \$45,305 and \$27,163 for equipment in 1996, 1995 and 1994, respectively.

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

HOSPITAL SERVICE DISTRICT NO. 18
 OF THE PARISH OF BOSSHARD, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment:

Property, plant and equipment is recorded at cost for purchased assets or at fair market value on the date of any donation. The Hospital uses straight-line method of determining depreciation for financial reporting and third party relationships. The following estimated useful lives are generally used.

Buildings and Improvements	1 to 40 years
Machinery and Equipment	1 to 20 years
Furniture and Fixtures	1 to 20 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 related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposal's are credited or charged to operations currently.

NOTE 3 - DEPOSITS

Included in cash and cash equivalents and assets limited as to use are cash on hand and deposits with the depository banks for checking accounts and certificates of deposits. Of the \$1,800,633 total deposits at September 30, 1995, \$3,700,000 was insured on the balance sheet date by federal depository insurance coverage and by pledged securities. At September 30, 1996 and 1994, all deposits were insured as of the balance sheet date. For all deposits, the market value and carrying value are the same.

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	1996	1995	1994
Net patient accounts receivable	\$ 2,524,738	\$ 2,384,402	\$ 2,543,215
Other accounts receivable (Net)	30,042	22,295	282,428
Estimated third-party paper settlements	<u>300,432</u>	<u>7,796</u>	<u>251,739</u>
	2,855,212	2,414,493	2,877,382
Less: Estimated uncollectibles	<u>248,088</u>	<u>328,800</u>	<u>301,088</u>
Total	\$ <u>2,607,124</u>	\$ <u>2,085,693</u>	\$ <u>2,576,294</u>

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Our audits were performed for the purpose of forming an opinion on the general purpose 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.

Earley, Lipton & Wells

Certified Public Accountants
December 18, 1996