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 HOSPITAL SERVICE DISTRICT NO. 11
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 YEARS ENDED SEPTEMBER 30, 1999, 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.

Release Date MAR 08 2000

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Hospital Service District No. 1B
Parish of Richland, State of Louisiana
Rayville, Louisiana

We have audited the accompanying general purpose financial statements of Hospital Service District No. 1B, Parish of Richland, (the Hospital), a component unit of the Richland Parish Police Jury, as of and for the years ended September 30, 1999, 1998 and 1997, 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. Those 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Hospital Service District No. 1B, Parish of Richland, as of September 30, 1999, 1998 and 1997, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles applicable to government entities.

In accordance with Government Auditing Standards, we have also issued a report dated December 8, 1999, on our consideration of the Hospital's internal control structure and on its compliance with laws and regulations.

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

Board of Commissioners
Hospital Service District No. 1B
Parish of Richland, State of Louisiana
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The Hospital has not presented the disclosures required by Governmental Accounting Standards board Technical Bulletin 98-1, "Disclosures about Year 2000 Issues," as amended by Governmental Accounting Standards board Technical Bulletin 99-1, that the Governmental Accounting Standards Board has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the Hospital is or will become Year 2000 compliant, whole or in part, or that parties with which the Hospital does business are or will become 2000 compliant.

As discussed in Note 14 to the financial statements, certain errors resulting in understatement of previously reported estimated third-party payor settlements as of September 30, 1998, were discovered during the current year. Accordingly prior year has been restated to correct the error.



Certified Public Accountants
December 8, 1999

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
BALANCE SHEETS - UNRESTRICTED FUNDS
SEPTEMBER 30, 1999, 1998 AND 1997

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Current			
Cash and cash equivalents (Notes 2 & 3)	\$ 748,466	\$ 1,017,515	\$ 398,017
Accounts receivable, net (Note 4)	3,042,547	2,563,256	2,173,224
Estimated third-party payor settlements	361,399	49,969	168,064
Accrued interest	37,765	39,685	30,878
Inventory	291,424	306,751	291,403
Prepaid expenses	<u>61,737</u>	<u>78,057</u>	<u>101,152</u>
Total Current Assets	4,543,338	4,055,233	3,162,738
Property, plant and equipment (Note 5)	2,005,856	2,081,306	2,320,864
Assets limited as to use (Note 6)	3,062,449	3,396,228	3,055,893
Other assets (Note 7)	<u>36,783</u>	<u>51,283</u>	<u>66,561</u>
Total Assets	<u>\$ 9,648,426</u>	<u>\$ 9,584,050</u>	<u>\$ 8,606,056</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Current			
Accounts payable	\$ 504,550	\$ 736,958	\$ 725,123
Accrued expenses	170,961	150,098	140,103
Estimated third-party payor settlements	410,898	778,790	230,998
Current portion of lease obligations and long-term debt	<u>34,733</u>	<u>38,040</u>	<u>55,881</u>
Total Current Liabilities	1,121,142	1,703,886	1,152,105
Long-term			
Capital lease obligations and notes payable (Note 8)	<u>75,949</u>	<u>100,133</u>	<u>92,546</u>
Total Liabilities	1,197,091	1,804,019	1,244,651
Fund balance - unrestricted	<u>8,451,335</u>	<u>7,780,031</u>	<u>7,361,405</u>
Total Liabilities and Fund Balance	<u>\$ 9,648,426</u>	<u>\$ 9,584,050</u>	<u>\$ 8,606,056</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
STATEMENTS OF OPERATIONS - UNRESTRICTED FUNDS
YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Revenue			
Net patient service revenue	\$ 12,720,869	\$ 12,421,259	\$ 13,311,491
Property taxes	253,667	261,382	248,932
Grants	-0-	-0-	25,000
Donations	-0-	-0-	5,276
Gain (loss) on disposal of equipment	4,217	5,675	65,773
Other operating revenue	<u>133,744</u>	<u>138,667</u>	<u>156,606</u>
 Total Revenue	 <u>13,112,497</u>	 <u>12,826,983</u>	 <u>13,813,078</u>
Expenses			
Salaries	4,950,347	4,925,008	5,104,304
Benefits and payroll taxes	347,458	365,329	364,020
Pension plan (Note 10)	304,573	301,442	314,654
Supplies and drugs	822,228	790,009	768,495
Professional fees	1,925,703	2,017,193	1,944,379
Other expenses	2,100,490	2,225,824	2,754,605
Insurance	224,560	254,223	268,419
Interest expense	16,566	17,400	15,410
Depreciation and amortization	488,829	506,062	455,414
Provision for bad debts	<u>1,458,900</u>	<u>1,204,836</u>	<u>1,025,564</u>
 Total Expenses	 <u>12,639,654</u>	 <u>12,607,326</u>	 <u>13,015,264</u>
 Operating Income (Loss)	 <u>472,843</u>	 <u>219,657</u>	 <u>797,814</u>
Non-Operating Income (Loss)			
Interest income on investments limited as to use	180,315	171,974	106,490
Interest income other	<u>18,146</u>	<u>26,995</u>	<u>17,172</u>
 Total Nonoperating Income (Loss)	 <u>198,461</u>	 <u>198,969</u>	 <u>123,662</u>
 Excess of Revenues Over Expenses	 <u>\$ 671,304</u>	 <u>\$ 418,626</u>	 <u>\$ 921,476</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF CHANGES IN FUND BALANCE - UNRESTRICTED FUNDS
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
CHANGES IN FUND BALANCE:			
Balance, beginning of year	\$ 7,780,031	\$ 7,361,405	\$ 6,439,929
Excess of revenues over expenses, as restated for 1998	<u>671,304</u>	<u>418,626</u>	<u>921,476</u>
Balance, September 30	<u>\$ 8,451,335</u>	<u>\$ 7,780,031</u>	<u>\$ 7,361,405</u>
COMPOSITION OF FUND BALANCE:			
Contributions			
Transfer from Richland Parish Hospital Service District No. 1	\$ 5,543,100	\$ 5,543,100	\$ 5,543,100
Excess of revenues over expenses	<u>2,908,235</u>	<u>2,236,931</u>	<u>1,818,305</u>
Total	<u>\$ 8,451,335</u>	<u>\$ 7,780,031</u>	<u>\$ 7,361,405</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
STATEMENTS OF CASH FLOWS - UNRESTRICTED FUNDS
YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Cash Flows from Operating Activities:			
Operating income (loss)	\$ 472,843	\$ 219,657	\$ 797,814
Interest expense considered capital financing activity	16,566	17,400	15,410
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	478,648	490,784	440,033
(Gain) loss on disposal of assets	(4,217)	(5,675)	(65,773)
Provision for bad debts	(1,458,900)	(1,204,836)	(1,025,564)
Change in current assets (increase) decrease			
Accounts receivable	979,609	814,804	659,132
Estimated third-party payor settlements	(311,430)	118,095	372,268
Accrued interest receivable	1,920	(8,807)	(20,310)
Inventory	15,327	(15,348)	(3,411)
Prepaid expenses	16,320	23,095	73,038
Change in current liabilities increase (decrease)			
Accounts payable	(232,408)	11,835	210,505
Accrued expenses	20,863	9,995	12,552
Estimated third-party payor settlements	(367,892)	547,792	191,103
Change in other assets (increase) decrease	<u>14,500</u>	<u>15,278</u>	<u>15,916</u>
Net cash provided by operating activities	<u>(358,251)</u>	<u>1,034,069</u>	<u>1,672,713</u>
Cash Flows from Investing Activities:			
Cash invested in assets limited as to use	(229,662)	(678,809)	(1,400,000)
Cash proceeds from assets limited as to use	563,441	338,474	98,763
Interest earned	<u>198,461</u>	<u>198,969</u>	<u>123,662</u>
Net cash provided by investing activities	\$ <u>532,240</u>	\$ <u>(141,366)</u>	\$ <u>(1,177,575)</u>

(Continued)

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF CASH FLOWS - UNRESTRICTED FUNDS (Continued)
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sales of property, plant and equipment	\$ 5,166	\$ 36,967	\$ 70,134
Acquisition of capital assets	(379,923)	(229,921)	(504,872)
Principal payments on long-term debt	(51,715)	(62,851)	(56,295)
Interest paid on long-term debt	<u>(16,566)</u>	<u>(17,400)</u>	<u>(15,410)</u>
Net cash used by capital and related financing activities	<u>(443,038)</u>	<u>(273,205)</u>	<u>(506,443)</u>
Net increase (decrease) in cash and cash equivalents	(269,049)	619,498	(11,305)
Cash and cash equivalents at beginning of year	<u>1,017,515</u>	<u>398,017</u>	<u>409,322</u>
Cash and cash equivalents at end of year	<u>\$ 748,466</u>	<u>\$ 1,017,515</u>	<u>\$ 398,017</u>
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	<u>\$ 16,566</u>	<u>\$ 17,400</u>	<u>\$ 15,410</u>

The Hospital entered into capital lease obligations of \$24,224, \$52,597 and \$64,493 for equipment in 1999, 1998 and 1997, respectively.

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Richland Parish Hospital Service District No. 1B (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. 1 (which operated hospitals in Delhi and Rayville) transferred operations of the hospital in Rayville and clinic in Mangham to Richland Parish Hospital Service District No. 1B, 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. As the governing authority of the Parish, for reporting purposes, the Richland Parish Police Jury is the financial reporting entity for the Hospital. Accordingly, the Hospital was determined to be a component unit of the Richland Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. The accompanying financial statements present information only on the funds maintained by the governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business

The Hospital provides outpatient, skilled nursing (through "swing-beds"), home health and acute inpatient hospital services. In September 1995, the District opened a unit to provide geriatric 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.

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 payors and others for services rendered, including estimated retroactive adjustments under third party reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related settlements are determined. Expenses are recorded when incurred. Hospital accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the Louisiana Governmental Audit Guide, the AICPA, 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.

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.

Credit Risk

The District provides medical care primarily to Richland Parish residents and grants credit to patients substantially all of whom are local residents.

The Hospital's estimate of collectibility is based on evaluation of historical collections compared to gross charges and an analysis of aged accounts receivable 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 Payor Revenues

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 Medicaid inpatient acute and psychiatric services. Medicare and Medicaid outpatients and home health services are reimbursed based upon the lesser of reasonable

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

cost (subject to certain limits) or charges to patients. Medicare inpatient psychiatric services are reimbursed based upon the reasonable cost of services to patients (subject to certain limits). These reimbursements are subject to audit and retroactive adjustments by each payor.

Inventory

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

Income Taxes

The entity is a political subdivision and exempt from taxation.

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 reimbursement. The following estimated useful lives are generally used.

Building and Improvements	5 to 40 years
Machinery and Equipment	3 to 20 years
Furniture and Fixtures	3 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 depositing banks for checking accounts and certificates of deposits. Of the \$3,453,910 total deposits at September 30, 1997, \$189,196 was not secured at the balance sheet date by federal depository insurance coverage or pledged securities. At September 30, 1998 and 1999, all deposits were secured as of the balance sheet date. For all deposits, the market value and carrying value are the same.

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	1999	1998	1997
Net patient accounts receivable	\$ 4,366,755	\$ 3,457,915	\$ 2,889,463
Other accounts receivable	<u>5,792</u>	<u>23,341</u>	<u>31,761</u>
	4,372,547	3,481,256	2,921,224
Estimated uncollectibles	<u>(1,330,000)</u>	<u>(918,000)</u>	<u>(748,000)</u>
Total	<u>\$ 3,042,547</u>	<u>\$ 2,563,256</u>	<u>\$ 2,173,224</u>

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, 1999, 1998 and 1997.

	1999	1998	1997
Medicare and Medicaid charges	\$ 13,615,404	\$ 15,662,286	\$ 16,099,879
<i>Contractual adjustments</i>	<u>(6,794,196)</u>	<u>(8,075,749)</u>	<u>(6,664,026)</u>
Program Patient Service Revenue	<u>\$ 6,821,208</u>	<u>\$ 7,586,537</u>	<u>\$ 9,435,853</u>
Percent of Total Gross Patient Revenues	<u>69%</u>	<u>76%</u>	<u>77%</u>
Percent of Total Net Patient Revenues	<u>54%</u>	<u>60%</u>	<u>71%</u>

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation.

	<u>ASSET COST</u>			September 30, 1999
	September 30, 1998	Additions	Deductions	
Land	\$ 16,000	\$ -0-	\$ -0-	\$ 16,000
Land improvements	28,867	-0-	-0-	28,867
Buildings and improvements	2,942,351	30,132	-0-	2,972,483
Major movable equipment	<u>4,839,235</u>	<u>374,015</u>	<u>15,891</u>	<u>5,197,359</u>
Total	<u>\$ 7,826,453</u>	<u>\$ 404,147</u>	<u>\$ 15,891</u>	<u>\$ 8,214,709</u>

	<u>ACCUMULATED DEPRECIATION</u>			September 30, 1999
	September 30, 1998	Additions	Deductions	
Land improvements	\$ 19,228	\$ 751	\$ -0-	\$ 19,979
Buildings and improvements	2,158,804	98,247	-0-	2,257,051
Major movable equipment	<u>3,567,115</u>	<u>379,650</u>	<u>14,942</u>	<u>3,931,823</u>
Total	<u>\$ 5,745,147</u>	<u>\$ 478,648</u>	<u>\$ 14,942</u>	<u>\$ 6,208,853</u>

	<u>ASSET COST</u>			September 30, 1998
	September 30, 1997	Additions	Deductions	
Land	\$ 16,000	\$ -0-	\$ -0-	\$ 16,000
Land improvements	28,867	-0-	-0-	28,867
Buildings and improvements	2,935,042	7,309	-0-	2,942,351
Major movable equipment	<u>4,692,699</u>	<u>275,209</u>	<u>128,673</u>	<u>4,839,235</u>
Total	<u>\$ 7,672,608</u>	<u>\$ 282,518</u>	<u>\$ 128,673</u>	<u>\$ 7,826,453</u>

	<u>ACCUMULATED DEPRECIATION</u>			September 30, 1998
	September 30, 1997	Additions	Deductions	
Land improvements	\$ 18,477	\$ 751	\$ -0-	\$ 19,228
Buildings and improvements	2,030,220	128,584	-0-	2,158,804
Major movable equipment	<u>3,303,047</u>	<u>361,449</u>	<u>97,381</u>	<u>3,567,115</u>
Total	<u>\$ 5,351,744</u>	<u>\$ 490,784</u>	<u>\$ 97,381</u>	<u>\$ 5,745,147</u>

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	<u>ASSET COST</u>			September 30, 1997
	September 30, 1996	<u>Additions</u>	<u>Deductions</u>	
Land	\$ 16,000	\$ -0-	\$ -0-	\$ 16,000
Land improvements	28,867	-0-	-0-	28,867
Buildings and improvements	2,958,665	15,050	38,673	2,935,042
Major movable equipment	<u>4,418,645</u>	<u>554,315</u>	<u>280,261</u>	<u>4,692,699</u>
Total	<u>\$ 7,422,177</u>	<u>\$ 569,365</u>	<u>\$ 318,934</u>	<u>\$ 7,672,608</u>

	<u>ACCUMULATED DEPRECIATION</u>			September 30, 1997
	September 30, 1996	<u>Additions</u>	<u>Deductions</u>	
Land improvements	\$ 17,484	\$ 993	\$ -0-	\$ 18,477
Buildings and improvements	1,930,916	137,977	38,673	2,030,220
Major movable equipment	<u>3,277,884</u>	<u>301,063</u>	<u>275,900</u>	<u>3,303,047</u>
Total	<u>\$ 5,226,284</u>	<u>\$ 440,033</u>	<u>\$ 314,573</u>	<u>\$ 5,351,744</u>

NOTE 6 - ASSETS LIMITED AS TO USE

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

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Restricted by Hospital Board			
To be used for asset additions and replacements			
Certificates of deposit	\$ 3,062,449	\$ 3,396,213	\$ 3,055,878
To be used for unemployment funds			
Certificates of deposit	<u>-0-</u>	<u>15</u>	<u>15</u>
Assets limited as to use	<u>\$ 3,062,449</u>	<u>\$ 3,396,228</u>	<u>\$ 3,055,893</u>

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

NOTE 7 - OTHER ASSETS

Other assets consist of the following:

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Start-up costs	\$ 13,000	\$ 26,000	\$ 39,000
Medical scholarships receivable	<u>23,783</u>	<u>25,283</u>	<u>27,561</u>
Total	<u>\$ 36,783</u>	<u>\$ 51,283</u>	<u>\$ 66,561</u>

Start-up costs are expenses incurred in establishing a senior care unit. These expenses are capitalized and amortized over a 60 month period.

Medical scholarships receivable 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.

NOTE 8 - LONG-TERM DEBT

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

	<u>1999</u>	<u>1998</u>	<u>1997</u>
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 \$57,500, \$62,500, and \$67,500 as of September 30, 1999, 1998 and 1997, respectively.	\$ -0-	\$ 6,244	\$ 21,990
Capital lease obligations, at varying rates of imputed interest from 6 percent to 12 percent collateralized by leased equipment.	<u>110,682</u>	<u>131,929</u>	<u>126,437</u>
Total note and capital lease obligations	110,682	138,173	148,427
Less current maturities of long-term debt and capital lease obligations	<u>34,733</u>	<u>38,040</u>	<u>55,881</u>
Long-term debt	<u>\$ 75,949</u>	<u>\$ 100,133</u>	<u>\$ 92,546</u>

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

NOTE 8 - LONG-TERM DEBT (Continued)

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

<u>Year Ended September 30</u>	<u>Notes and Leases</u>
2000	\$ 34,733
2001	37,222
2002	26,007
2003	6,113
2004	<u>6,607</u>
Total	<u>\$ 110,682</u>

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:

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Lanier copiers	\$ 218,205	\$ 175,229	\$ 111,544
AS400 computer	<u>64,491</u>	<u>64,491</u>	<u>64,491</u>
	282,696	239,720	176,035
Less: Accumulated depreciation	<u>(173,041)</u>	<u>(112,765)</u>	<u>(85,877)</u>
Total	<u>\$ 109,655</u>	<u>\$ 126,955</u>	<u>\$ 90,158</u>

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

NOTE 8 - LONG-TERM DEBT (Continued)

Minimum future lease payments under capital leases as of September 30, 1999, and for each subsequent year in aggregate are provided below:

<u>Year Ended September 30</u>	<u>Amount</u>
2000	\$ 52,213
2001	39,814
2002	28,468
2003	10,428
2004	<u>1,792</u>
Total minimum lease payments	132,715
Less: Amounts representing interest	<u>22,033</u>
Net minimum lease payments	<u>\$ 110,682</u>

Interest rates on capital leases vary from 6.0% to 12.0% and are imputed based on the lessor's implicit rate of return.

NOTE 9 - AFFILIATED ORGANIZATION

Affiliated organizations include Richland Parish Hospital Service District No. 1, Richland Parish Hospital Service District No. 1A, and the Richland Parish Police Jury. The districts are related because they are all political subdivisions of the Richland 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, Richland Parish Hospital Service District No. 1A, dba Richland Parish Hospital - Delhi.

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Beginning amount due from Richland Parish Hospital - Delhi	\$ 10,950	\$ 27,759	\$ 25,893
Revenue earned by the Hospital	29,506	46,003	38,006
Receipts received by Richland Parish Hospital - Delhi	<u>(38,982)</u>	<u>(62,812)</u>	<u>(36,140)</u>
Ending amount due from Richland Parish Hospital - Delhi	<u>\$ 1,474</u>	<u>\$ 10,950</u>	<u>\$ 27,759</u>

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

NOTE 10 - PENSION 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 \$304,573, \$301,442, and \$314,654, for the years ended September 30, 1999, 1998 and 1997, respectively.

NOTE 11 - COMPENSATED ABSENCES

Employees of the Hospital are entitled to paid days off and sick days depending on length of service. The Hospital accrued \$117,358, \$109,535, and \$113,243 of vacation pay at September 30, 1999, 1998 and 1997, respectively. It is impracticable to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital's policy is to recognize the cost of unvested 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 healthcare 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 healthcare provider settlement for professional liability to \$100,000 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. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

NOTE 13 - CONTINGENCIES (Continued)

The principal contingencies are described below:

Governmental Third Party Reimbursement Programs (Note 4) - The Hospital is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those 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 appropriate 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 Patient's Compensation Fund or the Hospital's insurance carrier.

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. On February 1, 1997, the hospital terminated participation in the Louisiana Hospital Association Self-Insurance Employee Benefit Trust Fund and entered into a Preferred Provider Organization insurance policy. On August 1, 1999, the hospital discontinued participation in Preferred Provider Insurance Policy and began participating, administered by Insurance systems, Inc., in a Self-Insurance Employee Benefit Trust Fund.

Two physicians have filed a suit 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.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for the year ended September 30, 1998, have been restated to correct an error in recording the amount of uncompensated care reimbursement. The effect of the restatement was to decrease excess revenues over expenses by \$166,313 for 1998.

SUPPLEMENTAL INFORMATION

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NET PATIENT SERVICE REVENUE
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Routine Services:			
Adult and pediatric	\$ 1,143,290	\$ 1,157,222	\$ 1,162,291
Intensive care unit	197,927	171,150	186,375
Swing bed	189,531	189,370	151,682
Senior care	<u>976,650</u>	<u>1,012,580</u>	<u>1,301,458</u>
Total Routine Services	<u>2,507,398</u>	<u>2,530,322</u>	<u>2,801,806</u>
Other Professional Services:			
Operating room			
Inpatient	215,833	310,500	297,756
Outpatient	571,757	596,538	521,501
Swing bed	19,304	12,737	24,326
Senior care	<u>25</u>	<u>1,144</u>	<u>1,339</u>
Total	<u>806,919</u>	<u>920,919</u>	<u>844,922</u>
Anesthesia			
Inpatient	154,602	222,461	221,958
Outpatient	426,610	443,035	424,533
Swing bed	14,450	10,775	21,411
Senior care	<u>43</u>	<u>745</u>	<u>745</u>
Total	<u>595,705</u>	<u>677,016</u>	<u>668,647</u>
Radiology			
Inpatient	826,915	736,226	701,763
Outpatient	1,354,317	1,144,695	1,107,442
Swing bed	47,696	36,725	29,336
Senior care	<u>31,414</u>	<u>16,187</u>	<u>25,864</u>
Total	<u>2,260,342</u>	<u>1,933,833</u>	<u>1,864,405</u>
Laboratory			
Inpatient	751,646	938,365	996,313
Outpatient	683,514	942,093	943,529
Swing bed	86,022	86,489	78,768
Senior care	<u>58,447</u>	<u>54,838</u>	<u>69,086</u>
Total	<u>\$ 1,579,629</u>	<u>\$ 2,021,785</u>	<u>\$ 2,087,696</u>

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 NET PATIENT SERVICE REVENUE (Continued)
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Blood			
Inpatient	\$ 21,684	\$ 28,544	\$ 28,141
Outpatient	6,938	5,910	3,471
Swing bed	5,488	1,497	2,499
Senior care	<u>108</u>	<u>261</u>	<u>-0-</u>
Total	<u>34,218</u>	<u>36,212</u>	<u>34,111</u>
Respiratory therapy			
Inpatient	1,171,154	1,179,558	1,317,076
Outpatient	117,202	123,764	110,368
Swing bed	318,338	345,740	267,283
Senior care	<u>36,454</u>	<u>12,766</u>	<u>17,486</u>
Total	<u>1,643,148</u>	<u>1,661,828</u>	<u>1,712,213</u>
Physical therapy			
Inpatient	-0-	5,752	75,049
Outpatient	87	50	32,950
Swing bed	-0-	1,123	46,555
Senior care	<u>-0-</u>	<u>2,424</u>	<u>52,270</u>
Total	<u>87</u>	<u>9,349</u>	<u>206,824</u>
Occupational therapy			
Inpatient	60,941	47,489	12,267
Outpatient	145,186	195,757	11,499
Home health	10,920	29,640	16,414
Swing bed	56,213	46,224	7,648
Senior care	<u>25,333</u>	<u>17,897</u>	<u>320,039</u>
Total	<u>298,593</u>	<u>337,007</u>	<u>367,867</u>
Electrocardiology			
Inpatient	236,077	206,476	250,052
Outpatient	281,034	305,715	202,330
Swing bed	5,223	5,894	3,914
Senior care	<u>9,490</u>	<u>6,384</u>	<u>11,219</u>
Total	<u>\$ 531,824</u>	<u>\$ 524,469</u>	<u>\$ 467,515</u>

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED SEPTEMBER 30, 1999, 1998, AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Central supply			
Inpatient	\$ 503,601	\$ 560,046	\$ 675,675
Outpatient	481,231	529,791	554,412
Swing bed	34,846	40,325	53,164
Home health	33,081	46,033	56,884
Senior care	<u>12,417</u>	<u>12,192</u>	<u>11,123</u>
Total	<u>1,065,176</u>	<u>1,188,387</u>	<u>1,351,258</u>
Pharmacy			
Inpatient	2,239,908	2,162,772	1,843,168
Outpatient	777,420	713,782	592,199
Swing bed	373,609	403,621	324,367
Senior care	<u>112,099</u>	<u>106,613</u>	<u>104,948</u>
Total	<u>3,503,036</u>	<u>3,386,788</u>	<u>2,864,682</u>
Oncology			
Inpatient	13,978	261	429
Outpatient	<u>127,988</u>	<u>82,433</u>	<u>55,755</u>
Total	<u>141,966</u>	<u>82,694</u>	<u>56,184</u>
Rural health clinic			
Outpatient	<u>1,422,223</u>	<u>1,434,499</u>	<u>1,515,929</u>
Partial-day psychiatric program			
Outpatient	<u>264,005</u>	<u>294,970</u>	<u>80,520</u>
Emergency room			
Inpatient	86,096	74,013	93,525
Outpatient	1,284,560	1,157,062	1,108,038
Swing bed	-0-	-0-	86
Senior care	<u>345</u>	<u>196</u>	<u>453</u>
Total	<u>1,371,001</u>	<u>1,231,271</u>	<u>1,202,102</u>
Observation room			
Outpatient	\$ <u>37,940</u>	\$ <u>31,380</u>	\$ <u>28,643</u>

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARDSON MEDICAL CENTER
HOSPITAL ENTERPRISE FUND
NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
Home health			
Skilled nursing visits	\$ 621,790	\$ 1,094,990	\$ 1,367,050
Physical therapy visits	21,580	31,850	14,560
Social service visits	540	-0-	180
Speech therapy visits	-0-	5,720	3,250
Aide visits	<u>579,240</u>	<u>933,120</u>	<u>1,054,920</u>
Total	<u>1,223,150</u>	<u>2,065,680</u>	<u>2,439,960</u>
Kid med			
Outpatient	<u>-0-</u>	<u>34</u>	<u>7</u>
Hospital physician			
Outpatient	<u>407,015</u>	<u>340,185</u>	<u>295,568</u>
Other Professional Services			
Inpatient	6,282,435	6,472,463	6,513,172
Outpatient	8,389,027	8,341,693	7,588,694
Swing bed	961,189	991,150	859,357
Home health	1,267,151	2,141,353	2,513,258
Senior care	<u>286,175</u>	<u>231,647</u>	<u>614,572</u>
Total Other Professional Services	<u>17,185,977</u>	<u>18,178,306</u>	<u>18,089,053</u>
Gross Patient Service Charges	<u>19,693,375</u>	<u>20,708,628</u>	<u>20,890,859</u>
Contractual adjustments	7,319,012	8,482,984	7,244,834
Discounts	113,493	163,639	334,534
Uncompensated care reimbursement	<u>(459,999)</u>	<u>(359,254)</u>	<u>-0-</u>
Total Allowances and Uncollectibles	<u>6,972,506</u>	<u>8,287,369</u>	<u>7,579,368</u>
Net Patient Service Revenue	<u>\$ 12,720,869</u>	<u>\$ 12,421,259</u>	<u>\$ 13,311,491</u>

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 OTHER OPERATING REVENUE
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Cafeteria	\$ 45,206	\$ 46,057	\$ 41,596
Medical records	5,638	4,347	7,271
Vending machines	4,284	9,327	26,753
Rentals	29,500	41,040	42,200
Pharmacy sales to employees	45,475	35,645	36,055
Miscellaneous	<u>3,641</u>	<u>2,251</u>	<u>2,731</u>
Total other operating revenue	<u>\$ 133,744</u>	<u>\$ 138,667</u>	<u>\$ 156,606</u>

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 SCHEDULES OF OPERATING EXPENSES - SALARIES AND BENEFITS
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
Administrative and general	\$ 408,562	\$ 389,977	\$ 426,031
Plant operations and maintenance	106,153	103,515	112,330
Housekeeping	165,179	164,159	150,560
Dietary and cafeteria	125,513	126,088	121,330
Nursing administration	40,265	38,460	37,778
Central supply	1,166	12,602	13,661
Pharmacy	148,440	143,393	134,695
Medical records	88,885	88,570	82,042
Nursing services	975,310	955,081	950,299
Intensive care unit	231,798	189,619	207,565
Senior care unit	379,532	318,524	494,503
Operating room	200,131	215,251	222,157
Radiology	225,092	226,564	217,267
Laboratory	14,780	15,412	13,586
Respiratory therapy	162,263	163,493	134,553
Physical therapy	-0-	12,306	37,265
Occupational therapy	82,430	65,002	52,252
EKG and EEG	60,674	24,792	20,593
Oncology	35,537	38,271	33,696
Rural health clinic	221,079	201,449	240,245
Partial-day psychiatric program	76,435	28,334	10,733
Emergency room	295,268	305,236	269,827
Home health	455,633	641,539	660,544
Private physician clinic	411,034	418,947	421,365
Kid med	<u>39,188</u>	<u>38,424</u>	<u>39,427</u>
 Total salaries	 <u>4,950,347</u>	 <u>4,925,008</u>	 <u>5,104,304</u>
Payroll taxes	83,386	93,617	76,712
Hospital insurance	264,408	271,727	282,693
Other	<u>(336)</u>	<u>(15)</u>	<u>4,615</u>
 Total benefits	 <u>347,458</u>	 <u>365,329</u>	 <u>364,020</u>
 Total salaries and benefits	 <u>\$ 5,297,805</u>	 <u>\$ 5,290,337</u>	 <u>\$ 5,468,324</u>

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 SCHEDULES OF OPERATING EXPENSES - PROFESSIONAL FEES
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Senior care services	\$ 7,860	\$ 9,785	\$ 18,185
Operating room	1,720	1,660	5,180
Anesthesiology	154,490	178,365	148,592
Laboratory	650,764	670,021	681,291
Physical therapy	-0-	-0-	638
Occupational therapy	430	410	90
Rural health clinic	432,065	467,241	405,718
Emergency room	663,882	666,801	664,515
Home health	<u>14,492</u>	<u>22,910</u>	<u>20,170</u>
 Total professional fees	 \$ <u>1,925,703</u>	 \$ <u>2,017,193</u>	 \$ <u>1,944,379</u>

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 HOSPITAL ENTERPRISE FUND
 SCHEDULES OF OPERATING EXPENSES - OTHER EXPENSES
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
Management fees	\$ 227,776	\$ 420,000	\$ 930,748
Contract services	325,450	330,120	321,798
Legal and accounting	72,376	58,469	114,549
Supplies	844,134	766,597	712,780
Repairs and maintenance	162,655	158,999	161,300
Utilities	162,700	160,047	170,362
Telephone	122,295	103,544	99,536
Travel, home health	50,952	82,529	98,158
Travel, other	8,418	8,006	8,863
Rentals	42,732	44,234	33,873
Education	31,845	27,558	46,059
Recruitment and advertising	39,656	39,773	24,110
Miscellaneous	<u>9,501</u>	<u>25,948</u>	<u>32,469</u>
 Total other expenses	 <u>\$ 2,100,490</u>	 <u>\$ 2,225,824</u>	 <u>\$ 2,754,605</u>

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHARDSON MEDICAL CENTER
 SCHEDULE OF PER DIEM AND
 OTHER COMPENSATION PAID TO BOARD MEMBERS
 YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	-----TERM-----		1999	1998	1997
	BEGAN	ENDING			
Board Members:					
Mr. W. L. Strong	11/20/90	07/19/00	NONE	NONE	NONE
Mr. Oliver Holland	04/18/89	07/15/01	NONE	NONE	NONE
Mr. Bentley Curry	07/01/93	06/18/00	NONE	NONE	NONE
Mr. Moses Wilkins	12/21/93	12/21/05	NONE	NONE	NONE
Ms. Zona McKay	12/07/93	02/01/99	NONE	NONE	NONE
Dr. Craig P. Folse	03/07/95	06/18/00	NONE	NONE	NONE
Mr. David Cooper	02/02/99	12/07/05	NONE	NONE	NONE

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

Paul G. Mathews, CPA
Melanie I. Sarver, CPA

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Hospital Service District No. 1B
Parish of Richland, State of Louisiana
Rayville, Louisiana 71269

We have audited the financial statements of the Richland Parish Hospital Service District No. 1B (the District or the Hospital) for the years ended September 30, 1999, 1998 and 1997, and have issued our report thereon dated December 8, 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 the district'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 the District'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 with 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.

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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. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Lester, Miller & Wells
Certified Public Accountants

December 8, 1999