

FINANCIAL STATEMENTS

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA  
(d.b.a. ASSUMPTION GENERAL HOSPITAL)

JUNE 30, 1996 AND 1995

FINANCIAL STATEMENTS

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA  
(d.b.a. ASSUMPTION GENERAL HOSPITAL)

JUNE 30, 1996 AND 1995

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**LANGLINAIS**

**&**

**BROUSSARD**

(A Corporation of Certified Public Accountants)

**Glen P. Langlinalis, C.P.A.**  
**Michael P. Broussard, C.P.A.**

**Gayle F. Bordelon, C.P.A.**

**INDEPENDENT AUDITOR'S REPORT**

Chairman and Board of Commissioners  
Hospital Service District No. 1  
of the Parish of Assumption, State of Louisiana  
Assumption General Hospital  
Napoleonville, Louisiana

We have audited the accompanying component unit financial statements of Hospital Service District No. 1 of the Parish of Assumption, State of Louisiana, (Hospital) a component unit of the Assumption Parish Police Jury, State of Louisiana, as of June 30, 1996, and for the year then ended, as listed in the 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 audit.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

The accompanying supplemental schedules and related information presented on pages 15 to 17 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for the year in which we expressed an unqualified opinion on the component unit financial statements of Hospital Service District No. 1 of the Parish of Assumption, State of Louisiana.

  
LANGLINAIS & BROUSSARD  
Certified Public Accountants

November 28, 1996

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

**BALANCE SHEETS**

**ASSETS**

	<u>1996</u>	<u>1995</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 23,919	\$ 319,123
Accounts receivable (less allowances: 1996, \$ 530,246; 1995, \$1,425,502) (Note 1)	578,750	1,314,590
Investments (Note 1)	230,413	1,264,469
Third party receivables	361,738	164,730
Other receivables (Note 5)	1,237	12,836
Inventories (Note 1)	112,482	140,804
Prepaid expenses	<u>50,422</u>	<u>93,566</u>
Total Current Assets	<u>1,358,961</u>	<u>3,310,118</u>
<b>ASSETS WHOSE USE IS LIMITED:</b>		
Deferred compensation plan (Note 15)	188,469	131,249
Employee benefit fund (Note 14)	<u>1,021</u>	<u>1,000</u>
Total assets whose use is limited	<u>189,490</u>	<u>132,249</u>
<b>FIXED ASSETS: (Notes 1 and 2)</b>		
Property, plant and equipment	3,512,942	3,493,731
Less: accumulated depreciation	<u>2,010,180</u>	<u>1,873,762</u>
Net Property, Plant and Equipment	<u>1,502,762</u>	<u>1,619,969</u>
<b>CAPITAL LEASES: (Notes 1 and 3)</b>		
Leased property under capital leases	474,897	474,897
Less: accumulated amortization	<u>328,393</u>	<u>271,941</u>
Net Value of Property under Capital Lease	<u>146,504</u>	<u>202,956</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,197,717</u>	<u>\$ 5,265,292</u>

## STATEMENT A

JUNE 30, 1996

LIABILITIES AND FUND EQUITY

	<u>1996</u>	<u>1995</u>
<b>CURRENT LIABILITIES:</b>		
Current capital lease obligations (Note 3)	\$ 39,912	\$ 48,135
Current installment purchase obligations (Note 4)	2,488	16,153
Credit balance in accounts receivable	11,392	11,392
Accounts payable	231,180	307,201
Third Party Payable	1,431,827	1,661,102
Payroll taxes accrued and withheld	3,518	3,541
Accrued salaries and wages	72,958	96,871
Note Payable	<u>175,000</u>	<u>340,000</u>
Total Current Liabilities	<u>1,968,275</u>	<u>2,484,395</u>
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>		
Deferred compensation plan (Note 15)	188,469	131,249
Employee benefit trust fund (Note 14)	<u>134,151</u>	<u>40,739</u>
Total liabilities payable from restricted assets	<u>322,620</u>	<u>171,988</u>
<b>LONG-TERM LIABILITIES:</b>		
Obligations under capital lease (Note 3)	12,430	61,686
Installment purchase (Note 4)	<u>-</u>	<u>-</u>
Total Long-Term Liabilities	<u>12,430</u>	<u>61,686</u>
<b>CONTINGENT LIABILITIES</b> (Note 11)	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>2,303,325</u>	<u>2,718,069</u>
<b>FUND EQUITY: (Exhibit C)</b>		
Hill Burton Funds	640,000	640,000
Police Jury contributions	6,391,405	6,376,405
Public donations	20,024	20,024
Other contributions	8,839	8,839
Capital Grant	149,340	149,340
Fund balance (deficit)	<u>(6,315,216)</u>	<u>(4,647,385)</u>
<b>TOTAL FUND EQUITY</b>	<u>894,392</u>	<u>2,547,223</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 3,197,717</u>	<u>\$ 5,265,292</u>

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

## STATEMENT B

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

## STATEMENTS OF REVENUES AND EXPENSES

YEAR ENDED JUNE 30, 1996

	<u>1996</u>	<u>1995</u>
NET PATIENT SERVICE REVENUES (Notes 8 and 9)	\$ 3,974,157	\$ 8,082,631
Other revenue	<u>271,449</u>	<u>226,974</u>
TOTAL REVENUE	<u>4,245,606</u>	<u>8,309,605</u>
EXPENSES (Notes 3, 6, 12, and 13):		
Nursing services	1,122,781	1,234,748
Other professional services	2,951,064	6,225,577
General services	568,840	691,696
Administrative and fiscal	1,233,465	1,404,751
Interest expense	17,788	29,366
Depreciation and amortization	192,869	174,887
Provision for bad debt	<u>149,916</u>	<u>230,884</u>
TOTAL EXPENSES	<u>6,236,723</u>	<u>9,991,909</u>
INCOME (LOSS) FROM OPERATIONS	(1,991,117)	(1,682,304)
NONOPERATING INCOME (EXPENSES):		
Interest income	36,008	67,853
Property taxes	287,278	265,998
Police Jury contributions (Note 6)	<u>15,000</u>	<u>25,000</u>
TOTAL NONOPERATING INCOME (EXPENSES)	<u>338,286</u>	<u>358,851</u>
NET INCOME	<u>\$ (1,652,831)</u>	<u>\$ (1,323,453)</u>

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

STATEMENT C

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

STATEMENTS OF CHANGES IN FUND EQUITY

YEAR ENDED JUNE 30, 1996

CONTRIBUTIONS

	CONTRIBUTIONS				CAPITAL GRANT	TOTAL FUND BALANCE	FUND EQUITY
	HILL BURTON	POLICE JURY	PUBLIC DONATIONS	OTHER			
BALANCES, JUNE 30, 1994	\$ 640,000	\$ 6,351,405	\$ 20,024	\$ 8,839	\$ 149,340	\$ (3,298,932)	\$ 3,870,676
Net Income (Loss) (Exhibit B)	-	25,000	-	-	-	(1,348,453)	(1,323,453)
BALANCES, JUNE 30, 1995	640,000	6,376,405	20,024	8,839	149,340	(4,647,385)	2,547,223
Net Income (Loss) (Exhibit B)	-	15,000	-	-	-	(1,667,831)	(1,652,831)
BALANCES, JUNE 30, 1996	\$ 640,000	\$ 6,391,405	\$ 20,024	\$ 8,839	\$ 149,340	\$ (6,315,216)	\$ 894,392

The accompanying notes are an integral part of these financial statements

## STATEMENT D

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

STATEMENTS OF CASH FLOWS - INDIRECT METHOD	YEAR ENDED JUNE 30, 1996	
	1996	1995
<b>CASH FLOWS FROM OPERATING ACTIVITIES AND NON OPERATING REVENUES:</b>		
Income (Loss) from operations	\$ (1,991,117)	\$ (1,682,304)
Noncash expenses and revenues included in income:		
Depreciation and amortization	192,869	174,887
Provisions for losses on accounts receivable	149,916	230,884
Decrease (increase) in receivables and amount due from third parties	168,767	957,241
Decrease (Increase) in interest receivables	2,473	(1,031)
Decrease (increase) in inventories	28,322	(20,600)
Decrease (Increase) in prepaid expenses	43,144	(17,997)
Increase (decrease) in accounts payable and accrued expenses	(99,957)	39,354
Increase in employee trust fund payable	93,412	-
(Increase) in assets whose use is limited	(20)	-
Net Cash Flow From Operating Activities	(1,412,191)	(319,566)
Nonoperating revenue	338,286	358,851
Net Cash Flow From Operating Activities And Nonoperating Revenue	(1,073,905)	39,285
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sales (Purchases) of investments	1,034,056	(1,130,357)
Purchases of equipment	(19,211)	(471,700)
Net Cash Provided by (Used) In Investing Activities	1,014,845	(1,602,057)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Capital Leases	-	340,000
Proceeds from Capital Grants	-	4,895
Principal payments under installment purchase	(13,665)	(12,285)
Principal payments under capital lease	(222,479)	(49,099)
Net Cash Provided by (Used) by Financing Activities	(236,144)	283,511
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(295,204)	(1,279,261)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	319,123	1,598,384
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 23,919	\$ 319,123

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



HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis:

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting. The Hospital applies all GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBS) of the committee on accounting procedure. In addition the Hospital applies all FASB Statements and Interpretations issued after November 30, 1989 that are developed for business enterprises, except for those that conflict with or contradict GASB pronouncements.

Bad Debts:

The allowance for doubtful accounts is based on an evaluation of the aged analysis of patients' accounts.

Inventories:

Inventories are valued at lower of cost (first-in, first-out) or market.

Property, Plant and Equipment:

Property, plant and equipment is stated at cost and depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Equipment under capital lease is stated at the lower of the present value of minimum lease payments at the beginning of the lease term or the fair value at the inception of the lease. Equipment held under capital lease is amortized on the straight-line method over the estimated useful life of the asset.

Net Patient Service Revenue:

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 reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Medicare and Medicaid Programs:

Medicare inpatient services including capital costs are covered under the Medicare Prospective Payment System (PPS) and are reimbursed on the Diagnosis Related Group (DRG) assigned to the patient and the prospective capital rate per discharge. The amount paid for these services is prospectively determined and, accordingly, a retroactive settlement is not made for inpatient services under PPS. Likewise, Medicaid inpatient medical and surgical services and distinct-part psychiatric services are prospectively reimbursed with payments based on a fixed rate per patient day.

Medicare and Medicaid outpatient services, and the inpatient Medicare distinct-part psychiatric services are reimbursed substantially on a retroactive basis, with certain exceptions and limitations. Amounts receivable under these programs are subject to examination and retroactive adjustment by the program intermediary. Provision for estimated retroactive adjustments for Medicare and Medicaid are provided in the period the related services are rendered. At June 30, 1996, final

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

**Medicare and Medicaid Programs: (Continued)**

settlement has been made by the Medicaid intermediary for all years ended through June 30, 1992, and through June 30, 1994 by the Medicare intermediary.

**Cash and Cash Equivalents**

Deposits: At year end, the carrying amount of the Hospital's deposits (checking accounts) was \$ 23,919, and the bank balance was \$104,428 of which the entire amount is guaranteed by federal depository insurance or collateral pledged to the entity, but not in the entity's name, and is held in the trust department of the pledging bank's correspondent bank. For purpose of the statement of cash flows, the Hospital considers all cash balances in checking accounts and investments with an original maturity to the Hospital of less than three months to be cash equivalents.

**Investments:** At year end, the Hospital carried investments at cost in the amount of \$ 230,413.

**Income Taxes:** The hospital is exempt from federal and state income taxes because it is a component unit of the Assumption Parish Police Jury, a Governmental unit that pays no income taxes.

**NOTE 2: FIXED ASSETS**

	<u>JUNE 30, 1996</u>		<u>JUNE 30, 1995</u>	
	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>
Land	\$ 65,165	\$ -	\$ 65,165	\$ -
Land improvements	121,431	105,379	121,431	104,522
Building	1,542,392	572,483	1,542,392	549,100
Fixed equipment	685,746	600,795	685,746	655,239
Movable equipment	<u>1,098,208</u>	<u>731,523</u>	<u>1,078,997</u>	<u>564,901</u>
Totals	<u>\$ 3,512,942</u>	<u>\$ 2,010,180</u>	<u>\$ 3,493,731</u>	<u>\$ 1,873,762</u>

**NOTE 3: CAPITAL LEASES**

The Hospital utilizes certain assets under lease arrangements with various leasing companies. The following is a schedule of leased property under capital lease.

<u>ASSET DESCRIPTION</u>	<u>LESSOR</u>	<u>COST</u>	<u>ACCUMULATED AMORTIZATION</u>
RCA Television sets	RCA	\$ 12,021	\$ 12,021
RMS Fluro II System	Superior Leasing	119,900	78,806
Mammography	Bell - Atlantic Tricon	14,000	12,251
Dishwasher	OSC Financial Corporation	6,539	5,887
Coulter Counter	Coulterent Corporation	56,248	49,221
Anesthesia Equipment	HBE Leasing Corporation	10,661	9,416
I.V. Pumps	United States Leasing Co.	5,997	5,379
Blood Gas Analyzer	IBM	18,420	10,235
Bovie Unit-Surgery	ValleyLab	6,750	2,926
Ultra sound machine	Diasonic Credit Corporation	49,600	25,140
Washer Extractor	Governmental Leasing Company	3,972	1,135
ASA 400 Computer	IBM	148,970	107,748
Bell South Phone System	Bell South Financing	<u>21,819</u>	<u>8,228</u>
Totals		<u>\$ 474,897</u>	<u>\$ 328,393</u>

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

NOTE 3: CAPITAL LEASES (Continued)

Amortization expense of \$ 56,451 for 1996, and \$ 56,297 for 1995, for the above mentioned assets is included in the depreciation expense.

The following is a schedule by years of future minimum lease payments under capital lease, together with the present value of net minimum lease payments as of June 30, 1996.

Years Ending June 30,	
1997	\$ 53,317
1998	12,622
1999	-
2000	-
Total minimum lease payments	65,939
Less amount representing interest	<u>13,597</u>
Present value of net minimum lease payments	52,342
Less Current Obligations	<u>39,912</u>
Long-Term Obligations	<u>\$ 12,430</u>

NOTE 4: INSTALLMENT PURCHASE

The hospital entered into an installment purchase agreement with General Electric Company to purchase a Mammography. The hospital will make 71 monthly payments of \$1,215. The following is a schedule by years of future minimum payments under installment purchases as of June 30, 1996.

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	<u>2,488</u>	<u>22</u>	<u>2,510</u>
	<u>\$ 2,488</u>	<u>\$ 22</u>	<u>\$ 2,510</u>

NOTE 5: OTHER RECEIVABLES

	<u>1996</u>	<u>1995</u>
Advanced Deposit (6/30/88 Lab)	\$ 1,115	\$ 1,116
Prisoner Feeding	-	6,763
Other	<u>122</u>	<u>4,957</u>
Total Other Receivables	<u>\$ 1,237</u>	<u>\$ 12,836</u>

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

**NOTE 6: OPERATING LEASES**

The Hospital has several noncancelable operating leases, primarily for equipment that expire in the next four years. Certain of the leases provide for either purchase or renewal options.

Future minimum lease payments under noncancelable operating leases as of June 30, 1996, are as follows:

Year ending June 30:

1997	15,656
1998	3,906
1999	-
2000	-
2001	-
Total	\$ 19,562

Total rental expense for 1996 and 1995 for all operating leases was \$ 29,840 and \$48,220 respectively.

**NOTE 7: POLICE JURY CONTRIBUTIONS**

An arrangement has been made with the Assumption Parish Police Jury whereby the Jury is presently contributing as required for operations of the Hospital. The Police Jury contributed \$ 15,000 and \$ 25,000 during years ended June 30, 1996 and 1995, respectively.

**NOTE 8: MAJOR REVENUE SOURCES**

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Hospital derived approximately 77% and 70% of its gross patient service revenue in 1996 and 1995, respectively, from patients covered by the Medicare and Medicaid programs. Following is an analysis of "Gross" Patient Revenues, as originally charged, by program:

	1996		1995	
	REVENUE	%	REVENUE	%
Medicare patients	\$ 4,022,374	68.57	\$ 4,314,846	40.88
Medicaid patients	503,338	8.58	3,078,488	29.17
All other patients	1,340,353	22.85	3,160,873	29.95
Total	\$ 5,866,065	100.00	\$ 10,554,207	100.00

Included in net patient service revenues for 1996 and 1995 is additional reimbursement from Medicaid Disproportionate Share Adjustments of \$ -0- and \$2,171,511, respectively.

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

NOTE 9: NET PATIENT SERVICE REVENUE

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

Medicare Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

Medicaid Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, with certain limitations and exceptions. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports filed by the Hospital and audits thereof by the Medicaid fiscal intermediary. Medicaid inpatient medical and surgical services as well as inpatient psychiatric services are reimbursed on a prospective per diem rate.

NOTE 10: BOARD OF COMMISSIONERS' COMPENSATION

The Board of Commissioners do not receive compensation from the Hospital for this service.

NOTE 11: HILL-BURTON

Under the Hill-Burton Act, the Hospital is required to provide a reasonable volume of services to persons unable to pay, which is computed to be the lesser of (1) 3% of its operating costs (reduced by Medicare and Medicaid Costs) or (2) 10% of Federal assistance provided to the Hospital. This requirement has not been met since 1980.

NOTE 12: CASH FLOWS SUPPLEMENTAL INFORMATION

The Hospital incurred \$17,788 in interest expense.

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

**NOTE 13: PENSION PLAN**

All full time employees of Assumption General Hospital who work at least 28 hours a week are members of Parochial Employees' Retirement System of Louisiana ("System"), a cost sharing multiple-employer public employee retirement system (PERS), controlled and administrated by a separate board of trustees. The total payroll for employees of Assumption General Hospital covered by the System for the year ended June 30, 1996, was \$ 1,897,946; Assumption General Hospital's total payroll was \$ 2,291,731.

Membership is mandatory for all employees of taxing districts of a parish or any branch or section of a parish including a hospital district that is a member of the System providing they meet the statutory criteria. Any member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, or 10 years of creditable service and is at least age 60. Benefit rates are one percent of final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) plus \$ 2.00 per month for each year of service credited prior to January 1, 1980, and three percent of final compensation for each year of service after January 1, 1980. On January 1, 1994, the employer contribution was changed to 8.25 percent of covered compensation. A member is eligible to retire and receive disability benefits if he has at least five years of creditable service, is not eligible for normal retirement and suffers disability which has been certified by the State Medical Disability Board. The rate is three percent of the members final compensation multiplied by his years of creditable service under certain conditions outlined in the statutes. Upon death of a member with five or more years of creditable service, the System provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 30 to 60 percent of the member's final compensation.

As of December 31, 1993, the employee contributions are established by statute at 9.50 percent of covered compensation, and employer contributions are established by statute at 8.75 percent of covered compensation. On January 1, 1994, the employer contribution was changed to 8.25 percent of covered compensation. In addition, each sheriff and ex-officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish excepting Orleans Parish and East Baton Rouge Parish and remits the money to the System on an annual basis. The **contribution requirement** for the year ended June 30, 1996, was \$ 326,551 which consisted of \$ 146,246 from the hospital and \$ 180,305 from the employees; these contributions represented 7.71 percent and 9.50 percent of covered payroll respectively. The actuarially required contributions for the System was determined by adding to the normal cost an amortization payment on the unfunded accrued liability which was based on a 40 year annuity with payments increasing at 4 percent per year. The resulting **employers net actuarially required contribution for 1996**, is \$ 21,531,460 or 7.32 percent of payroll. This plan currently receives employer contributions of 8.00 percent through December 31, 1995, and 7.25 percent from January 1, 1996, of payroll.

**HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 1996**

**NOTE 13: PENSION PLAN (Continued)**

In addition, it is anticipated that ad valorem taxes payable to the plan will amount to .90 percent of payroll. Thus, the estimated net employer contribution for fiscal 1996 is 8.25 percent of payroll or .93 percent of payroll more than the amount required to fund the System according to the methods and assumptions stipulated in the systems actuarial valuation issued on May 5, 1996, for the year ended December 31, 1995.

The amount of the total pension benefit obligation is based on a standardized measurement established by GASB-5 that, with some exceptions, must be used by a PERS. The standardized measurement is the actuarial value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases and any step-rate benefits. A standard measure of the pension benefit obligation was adopted by GASB to enable readers of the PERS financial statements to (a) assess the Parochial Employee's Retirement System of Louisiana funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due and (c) make comparisons among PERS. The **pension benefit obligation** at December 31, 1995, for the system as a whole determined through an actuarial valuation performed as of that date was \$691,858,596. The systems **net assets available for benefits** on that date (valued at amortized cost) were \$597,625,304 leaving an **unfunded pension benefit** of \$ 94,233,292. The Hospital's contributions for fiscal year ended June 30, 1996, represented 1 percent of total employer contributions required of all participating entities.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 1995, annual financial report.

**NOTE 14: EMPLOYEE HOSPITALIZATION PLAN**

The hospital is currently enrolled in a self-insurance plan to provide health insurance to its employees. The hospital makes monthly contributions to a trust fund to cover expected expenses to be incurred by its employees. These monthly contributions are computed by an outside administrator who assists in processing claims. Included within the monthly contributions is an amount for excess risk insurance. This excess risk insurance has a \$10,000 deductible per employee per year, which in effect limits the hospital exposure to \$10,000 per employee per year. As of June 30, 1996, the Employee Benefit Fund assets were insufficient to cover estimated liabilities. The Employee Benefit Fund carried a balance of \$1,021 while liabilities were estimated to be \$134,151.

**NOTE 15: DEFERRED COMPENSATION PLAN**

Assumption General Hospital offers its employees a deferred compensation plan created in accordance with Internal Revenue Code §457. The plan, available to all permanent hospital employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

NOTE 15: DEFERRED COMPENSATION PLAN (Continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the hospital (without being restricted to the provisions of benefits under the plan), subject only to the claims of the hospital's general creditors. Participants' rights under the plan are equal to those of general creditors of the hospital in an amount equal to the fair market value of the deferred amount for each participant.

Assets of the plan are recorded at market value but are administered by a private corporation under contract with hospital. The hospital believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The following is a summary of activity in the fund for the year:

Asset balance at July 1, 1995	\$ 71,147
Deferrals of compensation	42,372
Earnings	19,346
Less Withdrawals	<u>(1,616)</u>
Asset balance at June 30, 1996	\$ <u>131,249</u>

NOTE 16: GOING CONCERN

There are conditions or events that, when considered in the aggregate, indicate there could be substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time. These conditions include, but are not limited to the following: (1) losses from operations \$1,652,831, (2) low patient utilization of the hospital. In addition, due to the current State budget crisis, Disproportionate Share Funding will be reduced significantly and can no longer be relied upon as a reliable revenue source.

Management's plans for dealing with these adverse events identified in the previous paragraph include, but are not limited to reduction of work staff, closure of unprofitable departments, and negotiations with area hospitals in an attempt to alleviate this problem. The voters of Assumption Parish approved a sale of the hospital to Our Lady of Lake Hospital, Inc. on November 5, 1996. The sale was finalized on December 23, 1996.

NOTE 17: SUBSEQUENT EVENT

The voters of Assumption Parish approved a sale of the hospital to Our Lady of the Lake Hospital, Inc. on November 5, 1996. The sale was finalized on December 23, 1996.



HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

PATIENT SERVICE REVENUE AND ADJUSTMENTS	YEAR ENDED JUNE 30, 1996	
	1996	1995
<b>DAILY PATIENT SERVICES:</b>		
Adults & pediatrics	\$ 315,550	\$ 439,998
Adolescent psychiatric	589,782	3,730,709
Total Daily Patient Services	905,332	4,170,707
<b>OTHER NURSING SERVICES:</b>		
Operating room	49,904	95,689
Recovery room	2,900	6,600
Central services	272,348	270,730
Intravenous therapy	78,509	112,049
Emergency room	538,819	516,443
Total Other Nursing Services	942,480	1,001,511
<b>OTHER PROFESSIONAL SERVICES:</b>		
Adolescent psychiatric unit	58,180	350,615
Mental health	47,297	597,108
Outpatient psychiatric	(955)	74,761
Home health	1,484,845	1,239,740
Laboratory	1,002,755	1,060,617
Blood bank	17,182	22,270
Mammography	30,663	30,203
Electrocardiology	36,915	47,902
Vascular	2,080	780
Radiology	355,199	416,616
Ultrasound	77,825	91,225
Nuclear medicine	83,111	146,473
Pharmacy	300,153	428,226
Anesthesiology	8,233	14,659
Inhalation therapy	287,370	362,780
Pierre Part Clinic	166,592	354,690
Physical therapy	4,964	14,347
Labadieville clinic	51,724	128,979
Speech	4,120	-
Total Other Professional Services	4,018,253	5,381,991
<b>TOTAL PATIENT SERVICE REVENUE</b>	<b>5,866,065</b>	<b>10,554,209</b>
<b>PATIENT SERVICE REVENUE ADJUSTMENT:</b>		
Contractual adjustments	( 921,063)	(3,172,077)
Policy discounts	( 976,284)	(1,471,012)
Total patient service revenue adjustment	(1,897,347)	(4,643,089)
<b>NET PATIENT SERVICE REVENUE BEFORE DISPROPORTIONATE SHARE</b>	<b>3,968,718</b>	<b>5,911,120</b>
Disproportionate share adjustment	5,439	2,171,511
<b>NET PATIENT SERVICE REVENUE</b>	<b>\$ 3,974,157</b>	<b>\$ 8,082,631</b>

HOSPITAL SERVICE DISTRICT NO. 1  
 OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

OTHER REVENUE	YEAR ENDED JUNE 30, 1996	
	1996	1995
Cafeteria sales	\$ 96,103	\$ 113,953
Cots and linen	-	33
Vending machine revenue	77	3,097
Telephone and telegraph	-	15
Medical record transcript fees	2,559	2,840
Cash over (short)	-	13
School Board Grant	54,013	2,800
Rural Hospital Grants	107,275	94,276
Reimbursement by Clinic	9,300	9,900
Xerox copies	293	47
Other	1,829	-
Total Other Revenue	<u>\$ 271,449</u>	<u>\$ 226,974</u>

HOSPITAL SERVICE DISTRICT NO. 1  
OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

EXPENSES	YEAR ENDED JUNE 30, 1996			
	1996		1995	
	<u>SALARIES AND FEES</u>	<u>SUPPLIES AND OTHER EXPENSES</u>	<u>SALARIES AND FEES</u>	<u>SUPPLIES AND OTHER EXPENSES</u>
<b>NURSING SERVICES:</b>				
Medical and surgical	\$ 615,655	\$ 62,013	\$ 791,065	\$ 101,627
Operating room	26,568	20,615	31,340	37,279
Emergency room	<u>305,433</u>	<u>92,497</u>	<u>260,896</u>	<u>12,541</u>
Total	<u>\$ 947,656</u>	<u>\$ 175,125</u>	<u>\$1,083,301</u>	<u>\$ 151,447</u>
<b>OTHER PROFESSIONAL SERVICES:</b>				
Adolescent psychiatric	\$ 740	\$ 765,971	\$ 1,040	\$2,914,126
Community service/Mental health	146,121	8,537	380,403	4,879
Outpatient psychiatric	-	-	-	47,983
School health center	-	-	5,401	-
Home health	509,697	85,601	489,711	76,062
Laboratory	131,264	232,803	127,668	257,634
Safety	21,607	10,138	66,526	15,686
Mammography	-	212	-	-
Electrocardiology	-	25,206	-	15,179
Electroencephalography	-	3,880	-	1,281
Radiology	206,746	81,006	252,962	71,204
Ultrasound	-	31,633	-	53,641
Nuclear medicine	-	30,572	-	54,188
Pharmacy	48,815	51,681	53,290	96,279
Anesthesiology	-	68	-	741
Inhalation therapy	84,526	23,473	86,398	27,168
Physical therapy	1,206	11	1,203	3,529
Pierre Part clinic	39,660	159,434	299,938	355,176
Labadieville clinic	54,216	123,307	116,549	267,580
Medical records	43,855	4,954	53,450	16,962
Infection control	105	6,495	9,896	1,246
Speech therapist	<u>16,870</u>	<u>654</u>	<u>598</u>	-
Total	<u>\$1,305,428</u>	<u>\$1,645,636</u>	<u>\$1,945,033</u>	<u>\$4,280,544</u>
<b>GENERAL SERVICES:</b>				
Dietary	\$ 99,364	\$ 158,860	\$ 106,117	\$ 173,289
Plant engineering	64,812	143,439	106,103	163,689
Housekeeping	-	15,965	110,313	28,315
Laundry and linen	<u>81,378</u>	<u>5,022</u>	-	<u>3,870</u>
Total	<u>\$ 245,554</u>	<u>\$ 323,286</u>	<u>\$ 322,533</u>	<u>\$ 369,163</u>
<b>ADMINISTRATIVE AND FISCAL:</b>				
Administrative office	\$ 55,162	\$ 69,893	\$ 14,121	\$ 160,372
Business office	-	88,977	107,066	58,423
Marketing/Public relation	82,218	20,447	88,556	27,001
General accounting	28,136	74,974	68,906	128,660
Purchasing	66,366	4,776	31,661	4,120
Insurance	26,464	139,208	-	153,866
Employee benefits	-	553,840	-	545,688
Collection fee	-	16,093	-	12,537
Other	-	6,911	-	3,774
Total	<u>\$ 258,346</u>	<u>\$ 975,119</u>	<u>\$ 310,310</u>	<u>\$1,094,441</u>

**LANGLINAIS**

**&**

**BROUSSARD**

(A Corporation of Certified Public Accountants)

*Glen P. Langlinalis, C.P.A.*  
*Michael P. Broussard, C.P.A.*

*Gayle F. Bordelon, C.P.A.*

**REPORT ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE**

Chairman and Board of Commissioners  
Hospital Service District No.1  
of the Parish of Assumption, State of Louisiana  
Napoleonville, Louisiana

**INTERNAL CONTROL STRUCTURE**

We have audited the component unit financial statements of the Hospital Service District No.1 of the Parish of Assumption, State of Louisiana, (Hospital) a component unit of the Assumption Parish Police Jury, State of Louisiana, as of June 30, 1996, and have issued our report thereon dated November 28, 1996.

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

In planning and performing our audit of the financial statements of the Hospital for the year ended June 30, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Hospital is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related cost 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 executed 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 that the effectiveness of the design and operation or policies and procedures may deteriorate.

Solely to assist us in planning and performing our audit, we made a study and evaluation of the internal control structure of the Hospital. That study and evaluation was limited to a preliminary review of the structure to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because we concluded that it would be inefficient to evaluate the effectiveness of internal control structure policies and procedures, and that the audit could be conducted more efficiently by expanding our substantive audit tests, our study and evaluation did not extend beyond this preliminary review phase.

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 weaknesses 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 or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance with laws, regulations, contracts, and grants applicable to the Hospital, is the responsibility of the Hospital's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the Hospital's compliance with laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on the 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 Government Auditing Standards.

Our report is intended for the internal use of hospital management personnel. However, this report is a matter of public record and its distribution is not limited.

We acknowledge with appreciation the courtesies extended our representatives during the audit.

Sincerely,

  
LANGELINAIS & BROUSSARD  
Certified Public Accountants

November 28, 1996