

## LEWIS MEMORIAL HOSPITAL

## 7. LOANS TO CONSTRUCTION PROJECT FUND

At June 30, 1996, \$1,118,100 had been loaned by the Operating Fund to the Construction Project Fund. Details of the amounts follow:

amounts paid by the Operating Fund for the benefit of the Construction Project Fund	\$ 3,190
Operating Fund certificates of deposit that were used for the benefit of the Construction Project Fund	1,114,910
Estimated interest that would have been earned on the certificates of deposit	7,430
Interest earned on Construction Project Fund monies that was deposited into the Operating Fund	<u>142,370</u>
	<u>\$1,118,100</u>

## 8. CONSTRUCTION CONTRACT

At the meeting of the Board of Commissioners held on November 11, 1993, a construction contract for \$5,927,880 was entered into for various capital improvements and renovations to the Hospital. A total of \$3,048,148 had been expended as of June 30, 1996 on the capital improvements and renovations project, of which \$2,427,227 represented payments on the construction contract.

## 9. SUBSEQUENT EVENTS

At the meeting of the Board of Commissioners held on September 3, 1996, a construction contract for \$415,800 was entered into for the construction of a medical office complex (phase 1). A total of \$41,887 had been expended as of June 30, 1996 on this project.

## 10. PENSION PLAN

**Plan Description:** The Hospital contributes to the Lewis Memorial Hospital Retirement Plan (Plan) which is a single-employer, contributory, defined benefit public employee retirement system (PERS). The Plan document provided that the Hospital is to contribute the actuarially determined contribution amount which is calculated annually. For the Plan year ended June 30, 1996, the Hospital's total payroll for all employees was \$14,162,261 and the Hospital's total estimated covered payroll was \$9,896,148. Estimated covered payroll refers to compensation paid by the Hospital to active employees covered by the Plan on which contributions to the Plan are based.

The Plan is sponsored by the Hospital to provide retirement benefits as well as death and disability benefits. The Plan document provides that an employee, customarily employed for more than 20 hours a week and 3 months a year, is eligible to join the Plan 1 year after completing 2 years of continuous service. Plan benefits vest on a graded scale beginning at 10% for 5 years of service and increasing 5% per annum for each of the next 3 years, and 10% per annum for each of the following 3 years. Employees who retire at or after age 60 are entitled to an annual retirement benefit payable monthly for life. The benefit provided is based on the average of a participant's monthly earnings for the highest 3 anniversary dates preceding retirement or termination. The monthly pension equals 2.5% of participant's average monthly earnings multiplied by his years of credited service.

**Basis of Accounting:** The Plan assets are held in trust at Bank One, Union Branch, Louisiana. The Plan assets' value is the adjusted market value as determined by the arbitrary based upon market value information reported by Bank One.

**Funding Status:** The amount shown below as "pension benefit obligation" is a standardized actuarial measure of the present value of pension benefits, adjusted for the effect of projected salary increases estimated to be payable in the future as a result of employee service through July 1, 1998. The measure, which is independent of the actuarial funding

**REPORT OF INDEPENDENT AUDITORS**

Lane Memorial Hospital  
Retirement Plan

We have audited the accompanying balance sheets of the Lane Memorial Hospital Retirement Plan (the Plan) as of June 30, 1995 and 1994, and the related statements of revenues, expenses, and changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan'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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as June 30, 1994 and 1995, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

The supplementary retirement plan information (unaudited) is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures to this data that consisted principally of comparing the information to the relevant substantial reports. However, we did not audit this information, and we express no opinion on it.

  
James R. Douglas, Ltd.  
Certified Public Accountants

October 11, 1995

## LAKE MEMORIAL HOSPITAL

## 4. LONG-TERM DEBT

A summary of long-term debt at June 30, 1998 and 1999, follows:

	1998	1999
Hospital Revenue Bonds (Series 1988), 6.1%, due serially to 2003, with annual principal installments ranging from \$298,000 to \$310,000 (\$298,000 due in 1998; \$298,000 due in 1999)	\$ -	\$5,636,000
Hospital Revenue and Refunding Bonds (Series 1998), 4.75% - 5.40%, due in installments to 2011	<u>6,508,000</u>	<u>          </u>
Total	6,508,000	5,636,000
Less current maturities	<u>368,000</u>	<u>208,000</u>
	<u>\$ 6,140,000</u>	<u>\$ 5,428,000</u>

On February 1, 1998, the Hospital issued Hospital Revenue and Refunding Bonds (Series 1998) for the purpose of (a) refunding the prior bonds, (b) financing and refinancing the Hospital for previous expenditures made in connection with various capital improvements and renovations to the Hospital, including the equipment purchased in connection therewith (the "1998 Project"), and (c) paying all legally incurred costs and expenses in connection with the issuance of the Series 1998 bonds.

The scheduled maturities of long-term debt for the next five years ending June 30 are as follows: 1999 - \$368,000; 2000 - \$408,000; 2001 - \$425,000; 2002 - \$468,000; and 2003 - \$470,000.

The bonds are secured by certain revenues and property as defined in the Trust Indenture.

## 5. MALPRACTICE INSURANCE

During 1976, the State of Louisiana enacted legislation that created a statutory limit of \$200,000 for each medical professional liability claim and established the Louisiana Patient Compensation Fund (State Insurance Fund) to provide professional liability insurance to participating health care providers. The Hospital participated in the State Insurance Fund, which provides up to \$200,000 coverage for settlement amounts in excess of \$200,000 per claim. The Hospital is insured through the Louisiana Hospital Association Trust Fund with respect to the first \$200,000 of each claim.

## 6. PHYSICIAN COMPENSE

To attract new physicians to the area, the Hospital has entered into agreements with certain of these physicians to guarantee a gross monthly income during a one or two year period. A summary of the physician guarantee remuneration follows:

	1998	1999
Balance at beginning of year	\$ 896,114	\$ 322,460
Paid by Hospital to physicians	424,815	720,219
PAID by physicians to Hospital	498,224	(20,842)
Write-off as uncollectible	<u>(184,689)</u>	<u>(138,001)</u>
	424,408	661,216
Less estimated uncollectibles	<u>(288,120)</u>	<u>(288,648)</u>
	<u>\$ 636,288</u>	<u>\$ 472,618</u>

## LAKE MEMORIAL HOSPITAL

## 3. CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS - CONTINUED

These balances are presented in the balance sheets and summarized below:

	1996	1995
<b>Current assets:</b>		
Cash	\$ 3,914,171	\$ 3,189,419
Short-term investments	1,008,000	1,743,000
Accrued interest receivable	9,204	14,171
Assets limited as to use:		
Internally designated -		
Cash	\$78,299	\$63,284
Short-term investments	1,208,000	1,208,000
Held by trustees -		
Money market accounts	\$54,222	\$78,222
Accrued interest receivable	-	2,190
Construction Project Fund -		
Cash	607,479	-
Cash equivalents	1,408,000	-
Short-term investments	1,108,000	-
Accrued interest receivable	13,644	-
	<u>\$14,998,022</u>	<u>\$7,984,022</u>

Louisiana state statutes authorize the Hospital to invest in direct obligations of the U. S. Government, participations of deposits of state banks and national banks having their principal office in the state of Louisiana, federally insured investments, guaranteed investment contracts issued by a financial institution having one of the two highest rating categories published by Standard & Poor's or Moody's, and mutual or trust funds registered with the Securities and Exchange Commission (provided the underlying investments of these funds meet certain restrictions).

As of June 30, 1996, the balances reported by banks for cash, cash equivalents, and certificates of deposit totaled \$18,731,894. Of the \$18,731,894, \$308,000 was covered by federal depository insurance, \$15,049,194 was collateralized with securities held by the pledging bank in the Hospital's name, and the remaining \$325,700 was on deposit in the Bank of New York Trust Department.

## 3. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 1996 and 1995, follows:

	1996	1995
Land	\$ 787,800	\$ 787,814
Buildings and land improvements	12,048,104	12,300,667
Physicians office buildings	1,400,998	1,280,498
Major movable equipment	12,294,308	12,092,043
Flood equipment	5,843,519	5,843,519
Construction in progress	2,898,720	177,803
Less accumulated depreciation	<u>(18,828,822)</u>	<u>(18,922,822)</u>
	<u>\$11,593,612</u>	<u>\$12,567,021</u>

## LAKE MEMORIAL HOSPITAL

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Medicaid** - Effective July 1, 1994, reimbursement for hospital services rendered to Medicaid program beneficiaries was changed to a per case methodology which is not subject to capitation. Outpatient services continue to be reimbursed under a cost reimbursement methodology.

**Commercial Insurance** - The Hospital has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations which include payments based on prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

The Hospital derives a significant amount (approximately 80% for the year ended June 30, 1994 and 84% for the year ended June 30, 1993) of its net patient service revenues from patients covered by the Medicare and Medicaid programs.

**Free Care** - The Hospital provides, without charge, care to patients who meet certain criteria under its free care policy. Because the Hospital does not pursue collection of amounts determined to qualify as free care, the amounts are not reported as revenue. Free care provided in the years ended June 30, 1994 and 1993, measured at established rates, was \$18,334 and \$93,607, respectively.

**Contributions** - Contributions not designated by donors for specific purposes are reported as nonoperating gains regardless of the use for which they might be designated by the governing board.

**Designated Funds** - Cross-restricted funds are used to differentiate resources, the use of which is restricted by donors or grantors, from resources of general funds to which the donors or grantors place no restriction. Resources restricted by donors for plant replacement and expansion are reported as additions to the restricted fund and are added to the general fund balance to the extent expended within the period.

**Self-insured medical claims** - The Hospital is self-insured for employee medical claims up to predetermined stop-loss amounts. Claims in excess of the stop-loss amounts are insured through a commercial insurance carrier. Management reviews its best estimate of probable claim amounts incurred but not reported based on its previous year experience.

**Reclassifications** - Certain reclassifications have been made to previously reported June 30, 1993 balances to conform to the current year presentation and to the new American Institute of Certified Public Accountants' audit and accounting guide.

## 2. CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS

The nature of the Hospital's cash, cash equivalents, and short-term investments at June 30, 1994 and 1993 are:

	1994	1993
Cash	\$ 4,878,840	\$ 3,180,303
Certificates of deposit (with maturities of less than three months when purchased)	3,480,000	-
Money market accounts	<u>358,332</u>	<u>370,818</u>
Total cash and cash equivalents	8,438,372	3,451,121
Certificates of deposit (with maturities of more than three months when purchased)	8,380,000	8,450,000
Accrued interest receivable	<u>22,850</u>	<u>20,119</u>
	<u>16,841,222</u>	<u>11,921,240</u>

## LAKE MEMORIAL HOSPITAL

	YEAR ENDED JUNE 30	
	1984	1983
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 2,588,822	\$ 1,561,441
Interest expense considered capital financing activity	142,326	149,000
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,647,782	1,888,200
Changes in -		
Accounts receivable	(489,188)	100,574
Investments and prepaid expenses	21,177	(79,882)
Accounts payable	888,888	204,729
Accrued expenses	425,282	(852,854)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,882,882</u>	<u>3,218,618</u>
<b>CASH FLOWS FROM HOSPITAL FINANCING ACTIVITIES</b>		
Unrestricted contributions	13,000	13,000
Restricted contributions	22,800	-
NET CASH PROVIDED BY HOSPITAL FINANCING ACTIVITIES	<u>35,800</u>	<u>13,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of property and equipment	(2,921,715)	(1,318,945)
FINANCING COST		
Principal paid on long-term debt	(2,420,000)	(290,000)
Interest paid on long-term debt	134,330	(149,800)
Proceeds from disposition of equipment	5,600	3,000
Proceeds from bond issuance	8,282,000	-
NET CASH PROVIDED, USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>1,122,885</u>	<u>(1,054,745)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	498,424	308,288
Reversal of physician office buildings (net)	85,871	68,244
Depreciation of physician office buildings	28,818	28,100
Purchase of certificates of deposit	(2,380,000)	(2,088,000)
Other	(22,000)	(880)
NET CASH USED BY INVESTING ACTIVITIES	<u>(2,880,887)</u>	<u>(1,810,388)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,768,895	(139,769)
Cash and cash equivalents at beginning of year	2,823,818	3,012,887
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>5,592,713</u>	<u>2,873,118</u>

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

## LAW HOSPITAL HOSPITAL

## 10. PENSION PLAN - CONTINUED

method used to determine contributions to the Plan, is the actuarial present value of credited projected benefits. The measure is intended to help assess across the Plan's funding status as a going-concern basis and assess progress made in accumulating sufficient assets to pay benefits when due.

The pension benefit obligation was determined as part of an actuarial valuation as of July 1, 1994. Significant actuarial assumptions used include a rate of return on the investment of pension and future assets of 8% per annum, compounded annually, and projected salary increases of 8% per year.

As June 30, 1994 and 1993, the pension benefit obligation was as follows:

	1994	1993
Pension benefit obligations:		
Retirees and beneficiaries currently receiving benefits	\$ 1,128,503	\$ 909,066
Terminated employees entitled to benefits but not yet receiving them	340,763	518,729
ACTIVE EMPLOYEES	<u>6,231,818</u>	<u>5,231,538</u>
Total pension benefit obligation	7,701,123	7,701,389
Net assets available for benefits, at market value	<u>10,828,438</u>	<u>9,278,163</u>
Assets in excess of pension benefit obligation	<u>3,127,315</u>	<u>1,576,774</u>

The pension benefit obligation applies to accumulated employee contributions including allocated investment income which is included in active employee shares in 1994 (\$68,412 for 1993 (\$68,428 for 1992).

**Contributions Required and Contributions Made:** The funding policy of the Plan provides for periodic employee contributions at amounts determined aside that are necessary to fund normal (year-over-year) costs plus an additional amount necessary to amortize unfunded past service costs over a 20-year period (from the date the past service cost was first recognized). However, the Hospital will contribute no more than the amount necessary to achieve a ratio of "actuarial value of assets" to the "present value of accrued benefits" of 100% determined as of the beginning of the Plan year. The actuarially determined contribution required for the year ended June 30, 1994 was \$287,909.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension benefit obligation.

**Trend Information:** Historical trend information is presented in order to assess the program's ability to accumulating sufficient assets to pay pension benefits as they become payable. Historical three-year trend information for the Plan as of July 1, 1994, July 1, 1993, and July 1, 1992 is presented below:

	1994	1993	1992
Net assets available for benefits as a percentage of the pension benefit obligation	128.7%	120.9%	129.7%
Assets in excess of pension benefit obligation as a percentage of the Hospital's annual covered payroll	21.2%	18.2%	6.4%
Hospital's contributions to the pension plan as a percentage of estimated annual covered payroll	2.7%	5.2%	5.0%

The June 30, 1994 audited financial statements of the Plan include certain historical trend information related to net assets available for benefits, pension benefit obligations, and annual covered payroll.

## STATEMENTS OF CHANGES IN FUND BALANCES

Page 3

## LEWIS MEMORIAL HOSPITAL

	YEAR ENDED JUNE 30			
	1976		1975	
	UNRESTRICTED	RESTRICTED	UNRESTRICTED	RESTRICTED
FUND BALANCE, Beginning of year	\$18,352,432	\$	\$22,322,022	\$
Increase in unrestricted fund balance	3,124,744	"	2,911,482	"
Contributions - restricted	"	18,380	"	"
Transfer to finance equipment	30,500	122,322	"	"
	<u>3,155,244</u>	<u>"</u>	<u>2,911,482</u>	<u>"</u>
FUND BALANCE, End of year	<u>21,507,676</u>	<u>"</u>	<u>25,233,504</u>	<u>"</u>

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



## STATEMENTS OF OPERATIONS - UNRESTRICTED FUNDS

Page 4

## LAKE MEMORIAL HOSPITAL

	YEAR ENDED JUNE 30	1996	1995
<b>REVENUE</b>			
Net patient service revenue		\$34,740,300	\$33,484,313
Other		870,080	423,278
<b>TOTAL REVENUE</b>		<u>\$35,610,380</u>	<u>\$33,907,591</u>
<b>EXPENSES</b>			
Nursing services		\$5,879,540	\$5,984,804
Other professional services		14,644,793	14,840,844
General services		3,213,917	3,050,843
Plural and administrative services		2,448,018	2,324,716
Provision for bad debts		1,820,290	1,827,048
Depreciation and amortization		1,447,793	1,448,208
Interest expense, net of interest income from bond fund investments of 10,182 in 1996 and 110,179 in 1995		121,118	127,808
<b>TOTAL EXPENSES</b>		<u>\$27,714,242</u>	<u>\$27,622,216</u>
<b>OPERATING INCOME</b>		<u>\$8,896,138</u>	<u>\$6,285,375</u>
<b>NONOPERATING INCOME (LOSS):</b>			
Restricted contributions		13,000	13,000
Reval of physician office buildings (net)		88,471	80,344
Gain (loss) on disposal of fixed assets		(182)	(93)
Income on investments limited as to use - Internally designated		123,128	94,042
Other investment income		215,088	201,248
<b>NONOPERATING INCOME, NET</b>		<u>\$478,323</u>	<u>\$487,897</u>
<b>INCREASE IN UNRESTRICTED FUND BALANCE</b>		<u>\$9,374,461</u>	<u>\$6,773,272</u>

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

**OFFICIAL  
FILE COPY**  
**DO NOT SIGN OUT**  
Certain documents  
removed from this  
series and placed  
back in files

SEP 15 1996  
R 12:04 PM  
FBI - MEMPHIS

**LANE MEMORIAL HOSPITAL**  
**COMPREHENSIVE ANNUAL REPORT**  
**JUNE 30, 1996**

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 DEC 18 1996

TABLE OF CONTENTS

JUNE 30, 1984

	Page
<b>LANE MEMORIAL HOSPITAL</b>	
<b>Financial Statements:</b>	
Report of Independent Auditors	3
Balance Sheets - Unrestricted Funds	3
Statements of Operations - Unrestricted Funds	4
Statements of Changes in Fund Balances	5
Statements of Cash Flows - Restricted and Unrestricted Funds	5
NOTES TO FINANCIAL STATEMENTS	1-12
Report of Independent Auditors on the Internal Control Structure	14-15
Report of Independent Auditors on Compliance with Laws and Regulations	17
<b>Supplementary Information:</b>	
Analysis of Total Revenues	19
Patient Service Revenues	20
Departmental Operating Expenses	21-22
Statistical Data (Unaudited)	23
<b>LANE MEMORIAL HOSPITAL RETIREMENT PLAN</b>	
<b>Financial Statements:</b>	
Report of Independent Auditors	25
Balance Sheets	26
Statements of Revenues, Expenses, and Changes in Net Assets Available for Plan Benefits	27
Notes to Financial Statements	28-30
Required Supplementary Retirement Plan Information (Unaudited)	31-32

LANE MEMORIAL HOSPITAL  
FINANCIAL STATEMENTS  
JUNE 30, 1998 AND 1999

**JAMES R. DOUGLAS, LTD.**  
**PROFESSIONAL ACCOUNTANTS CORPORATION**

ONE CENTRAL BANK BUILDING  
BAYOU BOULE, LACROSSE, LOUISIANA  
504-937-3949

**REPORT OF INDEPENDENT AUDITORS**

Board of Commissioners  
Lass Memorial Hospital  
Hospital Service District No. 1 of  
East Baton Rouge Parish, Louisiana

We have audited the accompanying balance sheets of Lass Memorial Hospital (Hospital Service District No. 1 of East Baton Rouge Parish, Louisiana) as of June 30, 1996 and 1995, and the related statements of operations, changes in fund balances, and cash flows for the years then ended. 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 in accordance with the standards for financial audits contained in Government Auditing Standards (1994 Revision), 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. 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 Lass Memorial Hospital as of June 30, 1996 and 1995, and the results of its operations, changes in fund balances, and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report on our assessment of the hospital's internal control structure and a report on its compliance with laws and regulations, both dated October 18, 1996.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in pages 19 through 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the "statistical data", marked unaudited, on which we express no opinion, 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.

*James R. Douglas, Ltd.*  
James R. Douglas, Ltd.  
Certified Public Accountants

October 18, 1996

## LEWIS MEDICAL HOSPITAL

	JUNE 30	
	1998	1999
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 3,928,271	\$ 3,198,428
Short-term investments	3,080,000	2,758,080
Assets limited as to use	2,880,838	371,761
Patient accounts receivable, net of estimated uncollectibles of \$2,073,834 in 1998 and \$1,708,792 in 1999	6,078,477	4,000,934
Estimated third-party payor settlements	684,396	518,025
Physician guarantees receivable, net of estimated uncollectibles of \$480,148 in 1998 and \$248,542 in 1999	91,310	648,630
Other receivables	38,806	132,680
Investments	380,237	388,987
Prepaid expenses	242,481	348,194
Due from designated funds	2,128,181	1,580
<b>TOTAL CURRENT ASSETS</b>	<u>17,088,887</u>	<u>11,288,348</u>
<b>ASSETS LIMITED AS TO USE</b>		
Internally designated	2,478,380	2,503,388
Held by trustee	384,223	371,761
Construction Project Fund	2,200,125	0
	<u>5,062,728</u>	<u>2,875,149</u>
Long accounts payable to meet current obligations	<u>12,508,680</u>	<u>1373,752</u>
	<u>2,554,048</u>	<u>2,500,288</u>
<b>PROPERTY AND EQUIPMENT, net</b>		
	<u>17,788,882</u>	<u>18,507,082</u>
<b>OTHER ASSETS</b>		
	<u>24,224</u>	<u>24,224</u>
<b>TOTAL ASSETS</b>	<u>48,487,421</u>	<u>38,184,473</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	1,882,482	898,588
Employee compensation payable	318,321	232,438
Incurrd vacation	574,528	518,265
Incurrd interest	188,201	88,228
Incurrd expenses and other liabilities	382,654	234,287
Reserve for estimated Medicare and Medicaid claims	508,080	508,080
Estimated third-party payor settlements	187,320	88,448
Current maturities of long-term debt	388,080	298,080
Due to Operating Fund	2,128,181	1,580
<b>TOTAL CURRENT LIABILITIES</b>	<u>4,385,722</u>	<u>2,856,028</u>
LONG-TERM DEBT, net of current maturities	<u>2,128,080</u>	<u>2,248,080</u>
<b>TOTAL LIABILITIES</b>	<u>12,571,322</u>	<u>4,984,028</u>
<b>FUND BALANCE, unrestricted</b>		
	<u>27,893,128</u>	<u>24,198,442</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>40,464,450</u>	<u>29,182,470</u>

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

## LAKE HENRIE HOSPITAL

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Henrie Hospital (the Hospital) is a nonprofit organization created by the Parish Council of East Baton Rouge Parish (see Hospital Service District No. 2 of East Baton Rouge Parish, Louisiana) on June 18, 1977 under the provisions of Chapter 18 of Title 48 of the Louisiana Revised Statutes of 1950 and in accord with Federal and State income laws. The governing authority of the District is the Metropolitan Council of the City of Baton Rouge and the Parish of East Baton Rouge and accordingly, appoints members to the Hospital Board. The Board exercises all administrative functions with respect to the operations and management of the Hospital. The Hospital reports in accordance with the American Institute of Certified Public Accountants' (AICPA) "Health Care Organizations" and, as a governmental entity, also provides certain disclosures required by the Governmental Accounting Standards Board. Significant accounting policies used by the Hospital in preparing and presenting the financial statements are summarized below.

**Investments:** Short-term investments are recorded at cost and consist of bank certificates of deposit with original maturities of more than three months when purchased.

**Inventory:** Inventory is valued at the most recent invoice price. This method approximates the lower of cost (first-in, first-out method) or market.

**Assets limited as to use:** Assets limited as to use include assets set aside by the Board of Commissioners for future capital improvements (over which the Board retains control) and are at its discretion subsequently used for other purposes; assets held by trustees under a trust instrument; and assets dedicated to capital improvements under the trust instrument.

**Property and equipment:** Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method as follows:

Buildings and land improvements	5-40 years
Physician office buildings	5-40 years
Major movable equipment	3-20 years
Fixed equipment	5-25 years

**Costs of long-term debt:** Costs incurred in connection with the issuance of revenue bonds is amortized over the life of the bonds based upon the principal amount of the bonds outstanding.

**Net patient service programs:** The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenues are reported at the estimated net amounts realizable from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements. 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. Government health care program reimbursements include settlements for fiscal years subsequent to the fiscal year ended June 30, 1993 which are subject to audit and retroactive adjustment by the intermediary and the Department of Health and Human Services. Payment arrangements with major third-party payors are summarized below:

**Medicare -** Inpatient acute care services rendered to Medicare program beneficiaries are paid on prospectively determined rates per discharge which vary according to a patient classification system that is based on clinical diagnosis and other factors. Inpatient ambulatory services, certain outpatient services and defined capital costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is paid for out-patient ambulatory items at a Medicare rate with final settlements determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

REPORT OF INDEPENDENT AUDITORS ON  
COMPLIANCE WITH LAWS AND REGULATIONS

Board of Commissioners  
Lore Memorial Hospital  
Hospital Service District No. 1 of  
East Baton Rouge Parish, Louisiana

We have audited the financial statements of Lore Memorial Hospital (Hospital Service District No. 1 of East Baton Rouge Parish, Louisiana) (the Hospital) as of and for the year ended June 30, 1996, and have issued our report thereon dated October 19, 1996.

We conducted our audit 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.

Compliance with laws, regulations, and contracts 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 misstatement, we performed tests of the Hospital's compliance with certain provisions of laws, regulations, and contracts. 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 herein under Government Auditing Standards.

This report is intended solely for the information of the Board of Commissioners and management. However, this report is a matter of public record and its distribution is not limited.

  
James R. Douglas, Ltd.  
Certified Public Accountants

October 19, 1996



STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
AVAILABLE FOR PLAN BENEFITS

Page 10

LAKE MEMORIAL HOSPITAL RETIREMENT PLAN

	YEAR ENDED JUNE 30	
	1994	1993
<b>OPERATING REVENUES</b>		
Employer contributions	\$ 267,808	\$ 414,741
Employee contributions	283,643	347,887
Investment income	1,998,185	1,088,277
Bank fees refunded	13,728	13,552
<b>TOTAL OPERATING REVENUES</b>	<u>3,563,364</u>	<u>3,774,457</u>
<b>OPERATING EXPENSES</b>		
Benefits paid to participants and beneficiaries	473,429	525,809
Actuary fees	-	4,839
Bank fees	3,288	3,483
<b>TOTAL OPERATING EXPENSES</b>	<u>476,717</u>	<u>534,131</u>
<b>OPERATING INCOME</b>	3,086,647	3,240,326
<b>NET ASSETS AVAILABLE FOR BENEFITS, beginning of year</b>	<u>8,377,342</u>	<u>8,377,342</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS, End of year</b>	<u>10,622,634</u>	<u>9,278,342</u>

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

**REPORT OF INDEPENDENT AUDITORS ON  
COMPLIANCE WITH LAWS AND REGULATIONS**

**REPORT OF INDEPENDENT AUDITORS ON  
THE INTERNAL CONTROL STRUCTURE**

#### **SUPPLEMENTARY INFORMATION**

## ANALYSIS OF TOTAL REVENUES

Page 19

## LAKE MEMORIAL HOSPITAL

	YEAR ENDED JUNE 30 1970	1971
<b>PATIENT SERVICE REVENUES</b>		
Hospital services	\$ 8,697,499	\$ 9,089,181
Auxiliary services:		
Inpatient	29,268,789	29,715,566
Outpatient	<u>26,458,681</u>	<u>26,271,518</u>
	55,424,969	55,076,265
<b>ALLOWANCES</b>		
Free care	208,274	82,877
Medicare contractual allowance	26,208,818	13,689,268
Medicaid contractual allowance	1,744,891	3,689,808
MCO/PHO and other	<u>3,317,266</u>	<u>3,213,886</u>
	28,580,250	17,675,839
<b>NET PATIENT SERVICE REVENUES</b>	<u>26,844,719</u>	<u>37,400,426</u>
<b>OTHER REVENUES</b>		
Cafeteria	246,584	219,599
Telephone	557	2,268
Vending machines	3,842	5,213
Employee pharmacy	95,518	72,377
Medical records	8,843	8,828
M. S. F. Fee	200	200
Staff development fee	10,220	9,497
Student services	125,689	98,257
Seminars application	2,493	3,488
Gift of money	15,260	3,703
Gift of supplies	15,921	3,782
Physician management services		-
Internal transportation	38,621	-
Miscellaneous	<u>3,838</u>	<u>1,818</u>
	558,866	428,218
<b>TOTAL REVENUES</b>	<u>27,403,585</u>	<u>37,828,644</u>

PATIENT SERVICE REVENUES

LAW MEMORIAL HOSPITAL

	YEAR ENDED JUNE 30, 1959		
	INPATIENT	OUTPATIENT	TOTAL
<b>SUPPLIES SERVICES</b>			
Medical and surgical	\$ 4,004,243	\$ 138,000	\$ 4,142,243
Pharmacy	177,000		177,000
Intensive care	1,053,074		1,053,074
Skilled nursing facility	848,883		848,883
Rooming home	851,357		851,357
	<u>6,534,557</u>	<u>138,000</u>	<u>6,672,557</u>
<b>MISCELLANEOUS SERVICES</b>			
Home health care		2,821,798	2,821,798
Cardiopulmonary	4,244,323	535,038	4,779,361
Labor/delivery room	346,400	48,000	394,400
Operating room	708,118	344,044	1,052,162
Day surgery	358,544	683,673	1,042,217
Recovery room	82,204	321,273	403,477
Emergency room			
Professional	444,438	1,446,815	1,891,253
Other	297,274	821,313	1,118,587
Central supply	4,063,423	2,070,383	6,133,806
Laboratory	1,087,833	1,019,256	2,107,089
Special equipment	2,344,848	541,404	2,886,252
Occupational therapy	41,150	133,284	174,434
Radiology	1,405,070	1,080,000	2,485,070
Ultrasound	428,947	440,827	869,774
Nuclear medicine	113,544	300,488	414,032
Pharmacy	4,318,740	688,189	5,006,929
Anesthesiology	683,826	718,081	1,401,907
Physical therapy	323,740	440,670	764,410
Dietary	548,884	8,899	557,783
Dialysis	74,770	3,000	77,770
Speech therapy	34,130	74,544	108,674
Perkary Family Practice		718,333	718,333
	<u>25,503,700</u>	<u>20,848,484</u>	<u>46,352,184</u>
	<u>30,047,257</u>	<u>20,848,480</u>	<u>50,895,737</u>

## YEAR ENDED JUNE 30, 1933

<u>REVENUES</u>	<u>EXPENSES</u>	<u>TOTAL</u>
\$ 8,848,268	\$ 87,813	\$ 8,750,455
209,338		209,338
1,209,433		1,209,433
873,487		873,487
<u>854,244</u>	<u>87,813</u>	<u>942,057</u>
<u>9,702,451</u>		<u>9,698,398</u>
	3,751,388	3,751,388
1,817,148	487,248	4,294,597
248,028	87,530	327,530
559,189	378,840	1,238,109
148,448	532,848	878,296
98,824	79,134	377,660
298,928	1,547,097	1,846,025
288,715	903,053	1,291,768
3,519,385	1,823,833	5,343,218
4,783,126	2,818,898	7,602,124
2,318,488	518,487	2,836,975
88,360	38,345	58,898
1,209,174	2,008,488	4,274,662
848,828	512,284	1,361,112
331,812	173,447	297,268
4,182,328	823,388	5,005,716
388,870	528,683	1,127,553
328,788	343,833	672,621
129,334	8,399	147,733
331,988	3,823	335,811
20,468	84,927	94,995
	<u>863,321</u>	<u>863,321</u>
<u>14,129,828</u>	<u>18,377,822</u>	<u>32,507,650</u>
<u>32,148,854</u>	<u>18,465,463</u>	<u>50,614,317</u>

## DEPARTMENTAL OPERATING EXPENSES

## LAKE MEMORIAL HOSPITAL

	YEAR ENDING JUNE 30, 1968			
	SALARIES	PROFESSIONAL FEES	OTHER EXPENSES	TOTAL
<b>OPERATING SERVICES</b>				
Medical and surgical	12,078,729		5,508,000	\$ 17,586,729
Nursery	538,888		88,618	627,506
Intensive care	573,843		103,713	677,556
Skilled nursing facility	813,483		91,365	904,848
Nursing home	838,353		206,825	1,045,178
	<u>14,843,296</u>		<u>1,898,521</u>	<u>16,741,817</u>
<b>OTHER PROFESSIONAL SERVICES</b>				
Room health care	857,000		363,200	1,220,200
Cardiopulmonary	518,888	\$ 78,822	214,321	812,031
Laboratory room	368,083		72,280	440,363
Operating room	436,157		394,343	830,500
Day surgery	232,774		63,888	296,662
Recovery room	54,877		7,823	62,700
Emergency room	893,000	1,540,000	330,950	2,763,950
Central supply	200,243		1,555,850	1,756,093
Laboratory	858,478	13,800	1,840,209	2,712,487
Rental equipment			85,763	85,763
Occupational therapy	34,387		20,280	54,667
Podology	660,773		880,228	1,541,001
Dietitians	240,977		148,021	388,998
Nuclear medicine	68,800		87,420	156,220
Pharmacy	131,966		1,084,897	1,216,863
Radioisotopes	261,538		187,400	448,938
Physical therapy	218,753		184,464	403,217
Diagnosis			52,850	52,850
Speech therapy	2,420		83,729	86,149
Diabetes Family Practice	587,343		289,420	876,763
Dr. Benton	20,226		3,322	23,548
	<u>2,333,313</u>	<u>1,662,822</u>	<u>5,488,751</u>	<u>9,484,886</u>



TELEPHONE SERVICE, 1950

BALANCED	PROFESSIONAL		TOTAL
	FIRM	OTHER	
22,894,618		\$ 146,828	\$ 2,700,211
148,217		43,240	180,279
328,817		141,870	650,887
342,000		99,970	482,118
420,274		175,261	604,732
<u>3,281,244</u>		<u>1,201,118</u>	<u>5,359,884</u>
1,018,800		400,800	1,471,800
481,180	\$ 89,848	308,298	381,450
371,828		186,278	478,350
484,308		188,828	603,178
271,800		87,448	284,880
47,040		8,437	55,480
818,427	1,484,273	218,843	2,802,807
98,800		1,247,887	1,338,700
680,807	17,018	1,088,362	2,697,694
27,800		90,277	70,273
553,218		9,242	25,100
134,700		862,871	1,107,380
80,287		130,980	278,823
312,985		89,228	187,477
748,383		983,238	2,386,270
		189,848	250,942
		107,890	312,088
		88,900	98,900
		48,080	48,080
881,217		300,618	983,835
<u>3,241,202</u>	<u>1,527,232</u>	<u>6,402,228</u>	<u>14,860,866</u>

## LAKE MEMORIAL HOSPITAL

	YEAR ENDED JUNE 30, 1968			YEAR ENDED JUNE 30, 1969		
	OTHER			OTHER		
	SALARIES	EXPENSES	TOTAL	SALARIES	EXPENSES	TOTAL
<b>CENTRAL SERVICES</b>						
Barbery	\$ 468,828	\$ 808,800	\$1,277,628	\$ 497,954	\$ 579,543	\$1,077,497
Maintenance	424,518	318,937	743,455	457,898	358,728	816,626
Utilities		487,808	487,808		487,318	487,318
Environmental services	270,193	209,846	480,039	255,937	212,870	468,807
Laundry	64,008	353,343	417,351	67,518	331,878	400,396
Other	202,212	89,873	292,085	29,810	58,622	88,432
	<u>1,332,759</u>	<u>1,360,607</u>	<u>2,693,366</u>	<u>1,249,117</u>	<u>1,782,259</u>	<u>3,031,376</u>
<b>FISCAL AND ADMINISTRATIVE SERVICES</b>						
Hospital information management	204,813	76,362	281,175	220,787	88,862	309,649
Hospital information systems	333,267	328,821	662,088	324,882	189,586	514,468
Business Office	578,708	418,823	997,531	687,488	358,737	1,046,225
Administration	280,219	489,820	770,039	328,389	427,962	756,351
Public relations	83,328	328,287	411,615	82,251	223,795	305,946
Human resources	281,578	124,884	406,462	83,814	118,190	196,004
Maintenance management	129,824	48,283	178,107	125,777	33,288	159,065
Communications	54,217	8,288	62,505	37,789	8,882	46,671
Medical staff	22,893	1,158,852	1,181,745	21,482	618,088	639,570
Accounting	189,288	47,977	237,265	179,671	52,008	231,679
Staff development	73,803	48,882	122,685	75,488	39,793	115,281
Diagnostic related group	44,866	38,381	83,247	44,382	12,888	57,270
Special services	86,299	7,277	93,576	88,651	7,198	95,849
Quality resources	180,881	88,230	269,111	148,932	51,987	200,919
Quality Care		7,836	7,836		7,448	7,448
Physician management services	38,872	1,421	40,293	1,040	138	1,178
Overseas		642,421	642,421		512,722	512,722
	<u>2,688,820</u>	<u>3,378,192</u>	<u>6,067,012</u>	<u>4,092,132</u>	<u>2,543,665</u>	<u>6,635,797</u>

## LAW MEDICAL HOSPITAL RETIREMENT PLAN

## 6. INVESTMENTS

The Plan's investments are held by the trust departments of two local banks. A summary of the activity in these investments follows:

	Bank One Trust	Wisconsin Trust	Total
Fair market value, July 1, 1998	\$ 8,173,370	\$ 1,123,185	\$ 9,296,555
Add:			
Employer contributions	200,000	-	200,000
Employee contributions	148,938	-	148,938
Investment earnings	978,876	68,840	1,047,716
Bank fees paid to the Plan	(33,082)	(3,258)	(36,340)
	<u>1,383,622</u>	<u>65,582</u>	<u>1,449,204</u>
Deduct:			
Benefits paid	874,934	-	874,934
Bank fees paid by the Plan	(3,000)	(3,258)	(6,258)
	<u>(877,934)</u>	<u>(3,258)</u>	<u>(881,192)</u>
Other - (deduct):			
Net appreciation (depreciation) in fair value of investments	<u>(7,500)</u>	<u>82,708</u>	<u>75,208</u>
Fair market value, June 30, 1998	<u>\$ 8,032,000</u>	<u>\$ 1,223,280</u>	<u>\$ 9,255,280</u>

The Plan has adopted certain investment goals and objectives and policy guidelines, as outlined below, which are intended to protect and preserve the Plan's assets while providing an appropriate return.

Investment Class	Target
Equity securities	65%
Fixed income securities	35%

As of June 30, 1998, 48% of the Plan's invested assets were in equity securities, while 52% of the Plan's invested assets were in fixed income securities.

## 7. HISTORICAL TREND INFORMATION

HISTORICAL TREND INFORMATION designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits when due is presented on the following two pages.

This report is intended for the information of the Board of Commissioners and management. However, this report is a matter of public record and its distribution is not limited.

*James H. Douglas, Ltd.*

James H. Douglas, Ltd.  
Certified Public Accountants

October 15, 1986

**REPORT OF INDEPENDENT AUDITORS ON  
THE INTERNAL CONTROL STRUCTURE**

Board of Commissioners  
Lane Memorial Hospital  
Hospital Service District No. 1 of  
East Baton Rouge Parish, Louisiana

We have audited the financial statements of Lane Memorial Hospital (Hospital Service District No. 1 of East Baton Rouge Parish, Louisiana) (the Hospital) as of and for the year ended June 30, 1994, and have issued our report thereon dated October 18, 1994.

We conducted our audit in accordance with generally accepted auditing standards and appropriate 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.

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 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 the 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 of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Hospital for the year ended June 30, 1994, 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 weaknesses 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 reportable condition in which the design or operation of one or more of the specific 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 operations that we consider to be material weaknesses as defined above.

REPRODUCED SUPPLEMENTARY INFORMATION - COMPARATIVE SUMMARY OF  
 REVENUES BY SOURCE AND EXPENSES BY TYPE (PROJECTED)

LAST MONTHLY REPORTING RETIREMENT PLAN

June 30, 1994

Supplementary historical summary of revenues by source and expenses by type for the Lane General Hospital Retirement Plan is presented below for all years in which this information is available.

REVENUES BY SOURCE

Period Ended --DATE--	Employee Contributions	Employee Contributions --Balance	Investments --Balance	Interest Income	Actual General Expenses	Percentage*	Employee Contributions --PAID
1993	\$476,108	\$ 80,023	\$ 718,484	\$1,213,604	\$1,585,337	8.2%	\$718,484
1994	423,269	127,112	127,483	842,238	8,485,451	9.8%	423,269
1995	487,702	147,483	1,155,765	1,713,891	8,348,983	9.2%	487,702
1996	377,865	155,943	1,155,765	1,507,361	8,486,140	9.3%	377,865

EXPENSES BY TYPE

Period Ended --DATE--	Beneficials	Administrative Expenses	Total
1993	\$224,809	\$	\$224,809
1994	361,481	36,202	397,683
1995	628,089	32,274	660,363
1996	471,669	3,298	474,967

\* The period ended June 30, 1993 covered a period of nine months; the periods ended June 30, 1994, 1995, and 1996 covered a fiscal year.

\*\* Employer contributions divided by annual general payroll.

## Analysis of Funding Progress

Delaware as of December 31

2003	2004	2005	2006	2008	2007
\$4,808,888	\$4,831,378	\$4,978,985	\$4,868,588	\$4,207,178	\$3,871,847
4,308,749	5,859,816	4,698,779	4,824,228	5,854,668	5,498,909
100.0%	118.0%	100.0%	100.0%	100.0%	147.4%
559,000	941,360	117,122	242,960	1,978,102	1,100,445
5,788,082	4,880,858	4,788,866	4,978,288	4,278,181	4,922,572
0.8%	18.1%	2.4%	0.4%	22.7%	28.4%

REQUIRED SUPPLEMENTARY INFORMATION - ANALYSIS OF  
 FUNDING PROGRESS (UNAUDITED)

LAKE MEMORIAL HOSPITAL RETIREMENT PLAN

JUNE 30, 1994

Required supplementary historical information for the Lake Memorial Hospital Retirement Plan is presented below for all years for which this information is available.

	Analysis of Funding Progress			
	Percentages as of July 1 <sup>*</sup>			
	1986	1988	1994	1993
Net assets available for benefits, at market value	\$38,425,638	\$9,375,360	\$6,197,406	\$7,987,223
Pension benefit obligation	\$,322,222	7,782,389	7,470,673	\$,981,968
Net assets for benefits available as a percentage of the pension benefit obligation	118.14	120.49	108.74	114.06
Assets in excess of pension benefit obligation	\$,093,408	\$,422,971	\$,726,733	\$75,255
Estimated covered annual payroll <sup>**</sup> Assets in excess of pension benefit obligation as a percentage of estimated covered annual payroll	22.24	18.74	8.84	22.74

Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides an indication of the Plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Trends in assets in excess of pension benefit obligation and estimated covered annual payroll are both affected by inflation. Expressing the assets in excess of pension benefit obligation as a percentage of estimated covered annual payroll approximately adjusts for the effects of inflation and aids in the analysis of the Plan's progress made in accumulating sufficient assets to pay benefits when due.

\* Effective October 1, 1991, covered payroll was increased by 7% (prior years have been revised to reflect the 8% increase). Effective July 1, 1994, the increase was changed to 4%.



## LANE MEMORIAL HOSPITAL RETIREMENT PLAN

## 3. PLAN DESCRIPTION

**General:** The Lane Memorial Hospital Retirement Plan (the Plan) is a single-employer, non-irrevocable, defined benefit public employee retirement system (PERS). The Plan covers eligible employees of Lane Memorial Hospital (the Employer) who elect to join after meeting certain length of service requirements and is funded through employer and employee contributions and investment earnings. As a governmental entity, the Plan provides disclosures required by the Governmental Accounting Standards Board. The Plan is not subject to the financial reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

**Plan membership:** At June 30, 2020 and 2019, the Plan's membership consisted of:

	2020 \$0	
	2020	2019
Active employees		
Fully-vested	123	71
Partially-vested	124	149
Non-vested	162	150
Total current employees	409	370
Retirees and beneficiaries currently receiving benefits	28	28
Terminated employees entitled to benefits but not yet receiving them	23	21
Total	460	419
Total plan participants	482	428

**Eligibility requirements:** An employee is eligible to participate in the Plan if, at the beginning of the Plan Year, he/she has at least two years of continuous service and has worked an average of 20 or more hours per week. An eligible employee must make an application to the Employer for participation in the Plan and agree to the terms of the Plan.

**Retirement benefits:** The Plan provides retirement benefits as well as death and disability benefits. All benefits are vested 100% after 15 years of credited service. The basic annual retirement benefit at age 62 is a benefit payable for life in an amount equal to the number of years of credited service multiplied by 3.5% of the average of the highest three years of compensation. Employees can elect to receive a lumpsum payment in lieu of other options (refer to the Plan document for other options).

**Deferred benefits:** A member leaving employment after five years of credited service but before attaining retirement age is entitled to a benefit at age 62 equal to the member's accrued benefit upon termination of employment.

**Disability benefits:** A member leaving employment because of total and permanent disability before attaining retirement age is eligible for deferred benefits or may elect to receive reduced benefits beginning on the disability retirement date.

**Survivor benefits:** The survivor benefit provided under the Plan is a death benefit for a participant payable in the form of a pre-retirement survivor annuity.

**Employee contributions:** The Employee is required to contribute amounts necessary to provide the benefits under the Plan determined by the application of accepted actuarial methods and assumptions.

**Employee contributions:** To join the Plan, the participant authorizes Lane Memorial Hospital to deduct from his/her salary - (1) 1% of his/her monthly earnings up to \$400; plus (2) 1% of any monthly earnings over \$400.

LANK MEMORIAL HOSPITAL RETIREMENT PLAN  
FINANCIAL STATEMENTS  
JUNE 30, 1994 AND 1993

**OPERATIONS DATA (CONTINUED)**  
**SAAB MEMORIAL HOSPITAL**

	YEAR ENDED JUNE 30				
	1975	1974	1973	1972	1971
<b>SCOTTSDALE</b>					
Patients admitted	4,007	4,082	4,008	4,044	4,038
Average					
Per Clinic	6.7 days	4.7 days	5.2 days	6.5 days	6.5 days
Per Clinic	29,692	30,828	28,975	23,330	21,675
Patient days	53.5 patients	58.4 patients	57.8 patients	60.8 patients	59.4 patients
Average daily census					
Emergency room visits	26,718	26,818	24,973	23,828	23,399
Bed days	2,048	2,805	1,897	1,978	3,820
Bed days					
Patient	12,212	12,228	13,028	14,268	12,832
Days	208	434	343	192	389
Live births	13,348	13,476	11,078	10,557	16,045
Emergency room visits					
<b>WESTLAKE HILLS</b>					
Patients	12,620	13,620	13,620	13,708	13,737
admitted					
Average daily census	32.3 patients	37.4 patients	37.5 patients	37.8 patients	37.6 patients
Emergency room visits					
<b>WESTLAKE HILLS FACILITY</b>					
Patients	2,850	3,221	3,284	3,284	3,284
admitted					
Average daily census	3.8 patients	4.3 patients	4.7 patients	4.7 patients	4.7 patients
Emergency room visits					

## LAWY HOSPITAL EMPLOYEES RETIREMENT PLAN

	JUNE 30	
	1994	1993
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash equivalents	\$ 382,099	\$ 339,920
Mutual funds - Fixed	3,392,473	4,847,328
Mutual funds - equity	4,884,094	4,105,802
CONTRIBUTIONS RECEIVABLE	169,538	35,874
Annual income receivable	27,834	33,424
Bank fees receivable	4,000	38,505
Cash	-	28,890
	<u>12,826,938</u>	<u>13,379,819</u>
<b>LIABILITIES</b>		
Bank fees payable	-	1,820
Benefits payable	1,382	2,428
	<u>1,382</u>	<u>4,248</u>
<b>NET ASSETS AVAILABLE FOR PLAN BENEFITS</b>	<u>12,825,556</u>	<u>13,375,571</u>
<b>PENSION BENEFIT OBLIGATION</b>		
<b>PROJECTED BENEFITS PAYABLE TO</b>		
Active employees:		
Accumulated employee contributions with interest	869,412	869,408
Employer - financed vested benefit obligation	3,344,441	3,887,812
Employer - financed unvested benefit obligation	3,819,943	3,528,024
Retirees and beneficiaries	1,328,824	869,464
Terminated vested participants	<u>360,784</u>	<u>532,722</u>
<b>TOTAL PENSION BENEFIT OBLIGATION</b>	<u>9,323,404</u>	<u>9,707,429</u>
<b>RESULTS IN EXCESS OF PENSION BENEFIT OBLIGATION</b>	<u>3,502,152</u>	<u>3,668,142</u>
	<u>10,825,556</u>	<u>13,375,571</u>

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