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HOOD MEMORIAL HOSPITAL

SEPTEMBER 30, 1964

United Financial Statements

Report of Independent Auditors on the Internal Control Structure

Report of Independent Auditors on Compliance with Laws and Regulations

Under provisions of state law, this report is a public document. A copy of the report has been furnished 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 YES 12 1964

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HOSPITAL ADMINISTRATOR

A. G. Richardson

ASSISTANT ADMINISTRATOR

Claude Jones, Jr.

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SEPTEMBER 30, 1994

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JAMES R. DOUGLAS, LTD.

PROFESSIONAL ACCOUNTING CORPORATION

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SUITE 2000, LACROSSE, WIS.
604-787-2242

REPORT OF INDEPENDENT AUDITORS

Board of Commissioners
Wood Memorial Hospital
Hospital Service District No. 2 of
Tangipahoa Parish, Louisiana

We have audited the accompanying balance sheets of Wood Memorial Hospital (Hospital Service District No. 2 of Tangipahoa Parish, Louisiana) as of September 30, 1984 and 1983, and the related statements of revenues and expenses and 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 (1984 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 considering 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 Wood Memorial Hospital at September 30, 1984 and 1983, and the results of its operations and the 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 year-end observations of the Hospital's internal control structure and a report on its compliance with laws and regulations, both dated December 21, 1984.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in pages 10 through 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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.

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

December 21, 1984

DOWD MEMORIAL HOSPITAL

	SEPTEMBER 30	
	1978	1979
ASSETS		
CURRENT ASSETS		
CASH		
Patient accounts receivable, less allowances for uncollectible accounts (1978 - \$130,000; 1979 - \$130,000)	\$1,059,430	\$ 931,304
Accounts due from Medicare and Medicaid Intermediaries	1,389,213	1,289,590
Prepayments	300,553	327,480
Prepaid expenses and other debits	144,803	187,519
	(20,732)	(20,732)
TOTAL CURRENT ASSETS	<u>\$2,872,267</u>	<u>\$2,705,161</u>
ASSETS WHERE USE IS LIMITED		
Bond designated funds		
Bank Certificates of Deposit	1,447,425	1,282,480
U. S. Treasury bills	788,918	748,434
Accrued interest receivable	5,218	50,280
	<u>\$2,241,561</u>	<u>\$2,081,194</u>
PROPERTY AND EQUIPMENT, net	<u>1,528,583</u>	<u>1,520,622</u>
OTHER ASSETS	<u>44,833</u>	<u>57,237</u>
TOTALS	<u>\$4,645,244</u>	<u>\$4,364,214</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Trade accounts payable	184,480	239,520
Employee compensation payable	40,453	22,488
Accounts due to Medicare and Medicaid Intermediaries	-	113,238
TOTAL CURRENT LIABILITIES	<u>\$224,933</u>	<u>\$375,246</u>
FUND BALANCES	<u>\$4,420,311</u>	<u>\$3,988,968</u>
TOTALS	<u>\$4,645,244</u>	<u>\$4,364,214</u>

GOOD MEMORIAL HOSPITAL

	YEAR ENDED SEPTEMBER 30	
	1958	1957
REVENUES		
Net patient service revenues	\$7,894,343	\$8,447,314
Other revenues	65,400	20,242
TOTAL REVENUE	<u>\$7,959,743</u>	<u>\$8,467,556</u>
EXPENSES		
Nursing services	3,007,483	342,478
Other professional services	3,344,054	3,444,065
General services	403,757	439,400
Financial and administrative services	978,498	851,443
Bad debts	114,474	324,411
Depreciation and amortization	204,452	287,282
TOTAL EXPENSES	<u>\$7,352,618</u>	<u>\$8,178,679</u>
INCOME FROM OPERATIONS	<u>\$607,125</u>	<u>\$288,877</u>
NONOPERATING GAINS		
Interest earned	134,464	170,159
Grant income	20,114	21,000
NONOPERATING GAINS	<u>154,578</u>	<u>191,159</u>
REVENUE AND GAINS IN EXCESS OF EXPENSES	761,703	480,036
FUND BALANCE, beginning of year	\$3,824,248	\$3,343,212
FUND BALANCE, end of year	<u>\$4,585,951</u>	<u>\$3,824,248</u>

STATEMENTS OF CASH FLOWS

Page 4

HOOD MEMORIAL HOSPITAL

	YEAR ENDED SEPTEMBER 30	
	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 285,409	\$ 164,190
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	384,491	247,682
Change in -		
Accounts receivable	(238,226)	137,834
Investments and prepaid expenses	129,862	13,992
Accounts payable	23,870	189,814
Accrued expenses	32,986	8,122
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>541,392</u>	<u>751,634</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant income	50,114	35,680
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of property and equipment	(184,802)	(474,344)
Construction in process	(94,200)	-
Other assets	-	(43,272)
NET CASH USED BY CAPITAL ACTIVITIES	<u>(279,002)</u>	<u>(517,616)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	135,650	138,374
Maturity of U. S. Treasury bills	748,826	-
Maturity of U. S. Treasury bills	(789,315)	(745,436)
Matured certificates of deposit	-	499,379
Purchase of certificates of deposit	(264,822)	-
Transfer to/from board designated funds	48,125	(48,125)
NET CASH PROVIDED/USED BY INVESTING ACTIVITIES	<u>(120,536)</u>	<u>49,212</u>
NET INCREASE IN CASH	141,854	283,234
Cash at beginning of year	501,234	642,580
CASH AT END OF YEAR	<u>643,088</u>	<u>925,814</u>

See notes to financial statements

OTHER FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Good Memorial Hospital (the Hospital) is a nonprofit organization created by the Tangipahoa Parish Police Jury (as Hospital Service District No. 2 of Tangipahoa Parish, Louisiana), on November 17, 1944 (re-chartered on October 29, 1981) under the provisions of Chapter 24 of Title 24 of the Louisiana Revised Statutes of 1950 and is exempt from Federal and state income taxes. The governing authority of the District is the Tangipahoa Parish Police Jury and accordingly, appoints members to the Hospital Board. The Board exercises all administrative functions with respect to the operation and management of the Hospital. The Hospital reports in accordance with the American Institute of Certified Public Accountants' (AICPA) "Bulletin of Practices of Health Care Services" 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.

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 whose use is limited: Assets whose use is limited include assets set aside by the Board of Commissioners for future capital improvements (over which the Board retains control and may at its discretion subsequently use for other purposes).

Investments: Investments (which consist of bank certificates of deposit with original maturities of more than three months when purchased and U. S. Treasury bills) are stated at cost or amortized cost, as applicable, plus accrued interest.

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	15-40 years
Fixed equipment	10 years
Major movable equipment	3-10 years

Net patient service revenue: The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from the 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 receivables include settlements for fiscal years subsequent to the fiscal year ended September 30, 1993 which are subject to audit and retrospective adjustment by the intermediary and the Department of Health and Human Services. Payment arrangements with major third-party payors are summarized below:

Medicaid - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge which vary according to a DRG 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 cost reimbursement at a relative rate with final settlement determined after submission of annual cost reports by the Hospital and audits issued by the Medicare fiscal intermediary.

Medicaid - Effective July 1, 1994, reimbursement for inpatient services rendered to Medicaid program beneficiaries was changed to a per diem methodology which is not subject to retrospective settlement. Outpatient services continue to be reimbursed under a cost reimbursement methodology.

BOON HOSPITAL HOSPITAL

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Commercial Insurance - The Hospital has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations which involve 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 September 30, 1994 and 82% for the year ended September 30, 1993) of its net patient service revenues from patients covered by the Medicare and Medicaid programs.

Free Care: The Hospital did not provide free care during the years ended September 30, 1994 and 1993.

2. CASH AND SHORT-TERM INVESTMENTS

The nature of the Hospital's cash and short-term investments as September 30, 1994 and 1993 are:

	1994	1993
Cash	\$1,016,420	\$ 931,313
Certificates of deposit (with maturities of more than three months when purchased)	1,467,820	1,182,803
U. S. Treasury bills	285,318	145,437
Revised interest receivable	5,318	82,288
	<u>\$2,774,876</u>	<u>\$2,341,841</u>

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

	1994	1993
Current assets:		
Cash	\$1,016,420	\$ 931,313
Assets whose use is limited:		
Certificates of deposit	1,467,820	1,182,803
U. S. Treasury bills	285,318	145,437
Revised interest receivable	5,318	82,288
	<u>\$2,774,876</u>	<u>\$2,341,841</u>

Louisiana state statutes authorize the Hospital to invest in direct obligations of the U. S. Government, certificates of deposit of state banks and national banks having their principal office in the state of Louisiana, federally insured investments, qualified investment contracts issued by a financial institution having one of the top 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 September 30, 1994, the balances reported by Boon for cash and certificates of deposit totaled \$2,468,060, of the \$2,468,060, \$183,413 was covered by federal depositary insurance, and \$2,284,647 was collateralized with securities held by the pledging bank in the Hospital's name.

3. GROUP ANNUITY CONTRACT

Under the terms of a group annuity contract entered into between American United Life Insurance Company and the Louisiana Hospital Association, eligible employees of the Hospital may enter into an agreement with the Company to contribute 1% of their gross salary to a group annuity contract. The Hospital is then obligated to contribute 5% to the contract, for a total of 6%. Once the contributions are made, the Hospital has no further liability.

4. PROPERTY AND EQUIPMENT

A summary of property and equipment as September 30, 1998 and 1997, follows:

	1998	1997
Land	\$ 87,893	\$ 87,893
Land improvements - Hospital	127,472	118,808
Land improvements - physicians building	22,843	33,443
Hospital building	1,284,215	1,284,215
Building improvements - Hospital	78,884	78,884
Physicians building	288,800	288,800
Fluor. equipment - Hospital	172,894	172,894
Major movable equipment - Hospital	1,428,444	1,398,281
Physicians building - major movable equipment	8,884	8,438
	3,797,514	4,153,533
Accumulated depreciation	(2,327,782)	(2,323,881)
Construction in process	1,444,282	1,411,437
	<u>1,320,018</u>	<u>1,230,087</u>

During the year ended September 30, 1998, \$68,785 in equipment that could not be insured/insured for was written off of the Hospital books.

5. MALPRACTICE INSURANCE

During 1996, 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 participates in the State Insurance Fund, which provides up to \$400,000 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 \$100,000 of each claim.

6. CONSTRUCTION CONTRACT

At the meeting of the Board of Commissioners held on September 16, 1994, a construction contract for \$2,123,000 was entered into for the construction of expanded outpatient facilities.

YEAR ENDED SEPTEMBER 30, 1955

INVESTMENT	REVENUE	DEFERRED		TOTAL
		REVENUE	REVENUE	
\$ 713,170		\$	\$	\$ 713,170
		325,893		325,893
			65,200	65,200
<u>713,170</u>		<u>325,893</u>	<u>65,200</u>	<u>391,093</u>
7,914	\$ 3,647	500		12,473
77,000	221,070	5,940	470	314,760
350,000	74,797	148,741	1,682	575,220
122,000	53,410	3,770	300	189,480
1,000	12,300			13,650
25,000	822,878	100		823,078
88,000	1,272,845	20,552		1,371,397
	8,300			136
420,421	254,740	52,512	2,645	1,040,318
8,340	28,485	275		29,100
2,000	7,400	275		9,675
607,188	148,241	254,851	1,800	1,012,080
1,000		20,707		21,707
148,250	378,428	15,270	604	542,552
260,207	32,493	47,270	150	340,120
	62,300			62,300
	99,720			99,720
80,700	28,203	1,600		110,503
			7,280	7,280
<u>2,282,202</u>	<u>4,221,208</u>	<u>370,825</u>	<u>25,425</u>	<u>2,679,655</u>
<u>2,282,202</u>	<u>4,221,208</u>	<u>370,825</u>	<u>25,425</u>	<u>2,679,655</u>
				<u>2,679,655</u>

DEPARTMENTAL OPERATING EXPENSES

WOOD MEMORIAL HOSPITAL

	YEAR ENDED SEPTEMBER 30, 1974			
	FINANCED	PROFESSIONAL FEES	OTHER EXPENSES	TOTAL
Medical Services				
Medical and surgical	\$ 546,914		\$ 24,886	\$ 571,800
Skilled nursing facility	280,200		7,474	287,674
Behavioral health unit	7,200		1,200,000	1,207,200
	<u>834,314</u>		<u>1,232,360</u>	<u>2,066,674</u>
Other Professional Services				
Blood bank			17,280	17,280
CV team	17,684		10,200	27,884
General supply	61,973		79,257	141,230
Electrocardiology	"		45,114	45,114
Electroencephalography			5,884	5,884
Emergency room	242,820	2378,346	6,763	2627,929
Home health agency	504,561		175,897	680,458
Hypertonic			10,848	10,848
Intravenous therapy			7,277	7,277
Kid panel			"	"
Laboratory	148,346	68,005	122,897	339,248
Medical medicine	6,180		34,271	40,451
Operating and recovery			5,712	5,712
Pharmacy	78,365		274,823	353,188
Physical therapy			4,386	4,386
Radiology	104,470		62,320	166,790
Respiratory therapy	54,045		23,280	77,325
Swirl health	33,280		342,488	375,768
Swirl class	256,780		178,041	434,821
Swirl fund	5,418		18,027	23,445
	<u>1,412,008</u>	<u>68,005</u>	<u>1,818,222</u>	<u>3,308,235</u>
General Services				
Dietary	82,370		76,170	158,540
Housekeeping	82,299		19,847	102,146
Linens			47,411	47,411
Maintenance	64,713		50,088	114,801
Utilities			81,508	81,508
	<u>189,382</u>		<u>275,024</u>	<u>464,406</u>
Fiscal and Administrative Services				
Administrative	180,688		177,268	357,956
Medical records	22,683		4,804	27,487
Employee benefits			474,482	474,482
Insurance			188,877	188,877
	<u>203,371</u>		<u>785,431</u>	<u>988,802</u>

REPORT OF INDEPENDENT AUDITORS ON
THE INTERNAL CONTROL STRUCTURE

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

Board of Commissioners
Good Memorial Hospital
Hospital Service District No. 3 of
Tangipahoa Parish, Louisiana

We have audited the financial statements of Good Memorial Hospital (Hospital Service District No. 3 of Tangipahoa Parish, Louisiana) (the Hospital) as of and for the year ended September 30, 1996, and have issued our report thereon dated December 11, 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. 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, evaluation and judgment by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or 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 September 30, 1996, 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.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, would adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The Hospital is not large enough to permit an adequate segregation of employee duties for effective internal accounting control over the purchasing (invoice approval, processing, and general ledger) and financial reporting (journal entry preparation, approval, and reconciliation) cycles.

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 reasonable level the risk that errors or irregularities in accounts 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable condition noted above is a material weakness.

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



JAMES E. DOUGLAS, III.
Certified Public Accountant

December 11, 1999

REPORT OF INDEPENDENT AUDITORS ON
COMPLIANCE WITH LAWS AND REGULATIONS

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

Board of Commissioners
Wood Memorial Hospital
Hospital Service District No. 2 of
Tangipahoa Parish, Louisiana

We have audited the financial statements of Wood Memorial Hospital (Hospital Service District No. 2 of Tangipahoa Parish, Louisiana) (the Hospital) as of and for the year ended September 30, 1996, and have issued our report thereon dated December 11, 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, 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 misstatement, we performed tests of the Hospital's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

FOUR-YEAR NONCOMPLIANCE FINDINGS

1. Violation of bid law: The Hospital was in compliance with state bid laws during the year ended September 30, 1996.
2. Code of ethics: The Hospital was in compliance with the state code of ethics for public officials during the year ended September 30, 1996.
3. Asset identification system: An asset identification system was installed during the year ended September 30, 1996.

* * * * *

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, III.

James R. Douglas, III.
Certified Public Accountant