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Financial Report
St. Anne General Hospital
September 30, 1997

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Release Date APR 08 1998

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St. Anne General Hospital

September 30, 1997

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Hospital Service District No. 2,
Lafourche Parish, Louisiana.

We have audited the accompanying balance sheets of St. Anne General Hospital (Hospital Service District No. 2 of the Parish of Lafourche, State of Louisiana), a component unit of the Lafourche Parish Council, as of September 30, 1997 and 1996, and the related statements of operations, changes in fund balances, and cash flows for the years then ended. These general purpose financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of St. Anne General Hospital as of September 30, 1997 and 1996, and the results of its operations, changes in its fund balances, and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 1997, on our consideration of St. Anna General Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

Our audits were performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information contained in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audits of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Bourgeois Bennett, LLC.

Certified Public Accountants.

New Orleans, La.,
December 5, 1997.

BALANCE SHEETS**St. Anne General Hospital**

September 30, 1997 and 1996

ASSETS

	1997	1996
Current		
Cash and cash equivalents	\$ 1,434,658	\$ 628,445
Receivables, net of estimated uncollectibles and allowances (1997 - \$4,156,225; 1996 - \$3,043,557)	3,800,714	4,260,396
Assets whose use is limited and required for current debt service	90,000	85,000
Estimated third-party payer settlements - Medicare and Medicaid	65,286	153,666
Inventories	482,118	487,599
Prepaid expenses	80,833	61,148
Other	4,434	71,688
Total current assets	<u>5,933,253</u>	<u>5,747,942</u>
Assets Whose Use is Limited		
Board-Designated Plant, Equipment and Expansion Fund	4,385,612	3,919,470
Debt Service Fund	238,828	207,631
Unamortized bond issue costs	3,777	3,405
	<u>4,627,217</u>	<u>4,130,506</u>
Less assets whose use is limited and required for current debt service	<u>(90,000)</u>	<u>(85,000)</u>
Total assets whose use is limited	<u>4,537,217</u>	<u>4,045,506</u>
Property and Equipment		
Construction in progress	18,247	84,971
Land and improvements	160,215	160,215
Buildings	8,033,139	7,444,623
Equipment	6,052,142	6,061,660
Capital lease equipment	1,420,882	1,433,082
	<u>15,673,825</u>	<u>15,121,551</u>
Less accumulated depreciation	<u>(11,005,890)</u>	<u>(10,276,249)</u>
Net book value	<u>4,667,935</u>	<u>4,845,302</u>
Total assets	<u>\$ 15,132,385</u>	<u>\$ 14,638,832</u>

See notes to financial statements.

LIABILITIES AND FUND BALANCES

	1997	1996
Current		
Current maturities of bonds payable		
from assets whose use is limited	\$ 90,000	\$ 85,000
Current maturities of capital lease obligations	135,709	189,114
Accounts payable	364,140	439,076
Accrued expenses	623,923	684,765
Estimated third-party payer settlements - Medicare and Medicaid	40,344	445,181
Total current liabilities	<u>1,234,116</u>	<u>1,847,136</u>
Long-Term Debt, net of current maturities		
Bonds payable	433,000	525,000
Capital lease obligations	131,273	268,992
Total long-term debt	<u>564,273</u>	<u>793,992</u>
Commitments and Contingencies (Notes 9 and 10)	-	-
Total liabilities	<u>1,822,689</u>	<u>2,641,128</u>
Fund Balances		
Operating	7,044,561	6,045,272
Board - Designated Plant, Equipment and Expenditure Fund	6,069,173	5,761,251
Designated for debt retirement - 1977 Sinking Fund	325,843	191,311
Total fund balances	<u>13,278,516</u>	<u>11,997,734</u>
Total liabilities and fund balances	<u>\$ 15,103,595</u>	<u>\$ 14,638,862</u>

STATEMENTS OF OPERATIONS

St. Anne General Hospital

For the years ended September 30, 1997 and 1996

	1997	1996
Revenues		
Net patient service revenues	\$ 17,505,862	\$ 15,517,361
Other operating revenues	281,650	483,441
Total revenues	<u>17,787,512</u>	<u>16,000,802</u>
Expenses		
Salaries and wages	6,363,653	5,623,791
Professional services	2,479,479	3,182,378
Supplies and other expenses	4,645,061	4,694,445
Interest	30,496	50,441
Provision for bad debts	1,705,796	1,126,805
Provision for depreciation	753,276	808,075
Total expenses	<u>16,962,061</u>	<u>15,785,935</u>
Operating income	<u>825,451</u>	<u>214,867</u>
Nonoperating Income (Expense)		
Income on investments whose use is limited:		
By Board for capital improvements	192,538	208,246
Debt service	19,566	9,383
Gain (loss) on disposition of assets	880	(3,414)
Other investment income	48,721	25,417
Taxes and state revenue sharing proceeds for maintenance and operations	91,560	94,808
Taxes dedicated for debt service	139,751	133,938
Bond interest and agent fees	(30,685)	(35,231)
Unrestricted gifts	2,000	2,192
Nonoperating income, net	<u>456,331</u>	<u>432,247</u>
Excess of revenues over expenses	<u>\$ 1,281,782</u>	<u>\$ 647,114</u>

See notes to financial statements.

STATEMENTS OF CHANGES IN FUND BALANCES

St. Anne General Hospital

For the years ended September 30, 1997 and 1996

	Operating Fund	Board - Designated Plant Equipment Acquisition Fund	Designated For Debt Retirement - 1977 Sinking Fund	Totals
Balances, September 30, 1995	\$ 5,637,638	\$ 5,538,860	\$ 165,122	\$ 11,341,620
Excess of revenues over expenses for the year ended September 30, 1996	387,634	152,391	108,089	648,114
Retirement of bonds	-	<u>80,000</u>	<u>(80,000)</u>	-
Balances, September 30, 1996	6,045,272	5,781,251	193,211	11,999,734
Excess of revenues over expenses for the year ended September 30, 1997	999,229	162,902	119,631	1,281,762
Retirement of bonds	-	<u>85,000</u>	<u>(85,000)</u>	-
Balances, September 30, 1997	\$ 7,044,481	\$ 6,006,171	\$ 225,842	\$ 13,276,516

See notes to financial statements.

STATEMENTS OF CASH FLOWS

St. Anne General Hospital

For the years ended September 30, 1997 and 1996

	1997	1996
Cash Flows From Operating Activities		
Operating income	\$ 825,451	\$ 214,867
Interest expense considered capital financing	38,496	50,441
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	733,276	808,075
Bond issue cost amortization	628	628
Decrease (increase) in assets:		
Net receivables	459,682	(635,573)
Estimated third-party payor settlements	88,370	(132,104)
Inventories	5,481	93,869
Prepaid expenses	1,115	(7,765)
Other current assets	67,234	(24,435)
Increase (decrease) in liabilities:		
Accounts payable	(94,936)	(12,621)
Accrued expenses	(80,842)	154,567
Estimated third-party payor settlements	(488,237)	(189,081)
Net cash provided by operating activities	<u>1,647,718</u>	<u>300,866</u>
Cash Flows From Noncapital Financing Activities		
Ad valorem taxes and state revenue sharing	231,311	228,746
Other	3,000	3,100
Net cash provided by noncapital financing activities	<u>234,311</u>	<u>231,846</u>
Cash Flows From Capital and Related Financing Activities		
Principal payments of bonds and notes payable	(85,000)	(300,131)
Principal payments under capital lease obligations	(169,114)	(246,634)
Purchase of property and equipment	(516,535)	(434,098)
Interest paid on long-term debt	(61,881)	(81,284)
Proceeds on disposition of asset	882	1,082
Net cash used in capital and related financing activities	<u>(830,558)</u>	<u>(861,153)</u>

Exhibit D
(Continued)

	<u>1997</u>	<u>1996</u>
Cash Flows From Investing Activities		
Interest on investments	252,825	243,046
Decrease (increase) in assets whose use is limited	<u>(696,711)</u>	<u>382,264</u>
Net cash provided by (used in) investing activities	<u>(243,886)</u>	<u>625,310</u>
Net Increase In Cash and Cash Equivalents	898,193	275,870
Cash and Cash Equivalents		
Beginning of year	<u>628,443</u>	<u>352,573</u>
End of year	<u>\$1,424,636</u>	<u>\$ 628,443</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**St. Anne General Hospital**

September 30, 1997 and 1996

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Reporting Entity**

The Hospital is owned and operated by Hospital Service District No. 2 of the Parish of Lafourche, State of Louisiana (a nonprofit corporation organized by the Lafourche Parish Council). The Lafourche Parish Council appoints members to the Hospital Board of Commissioners, which in turn exercises control over all administrative functions with respect to the operation of the Hospital.

Based on the significant control that the Lafourche Parish Council possesses, the Hospital is deemed to be a component unit of the Council. The accompanying component unit financial statements present information only as to the transactions of the Hospital and do not present information on the Parish Council, or the other governmental units that comprise the primary government reporting entity.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

c) Proprietary Fund Accounting

The Hospital utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Accounting Standards

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

e) Board-Designated Fund

The Hospital accounts for its plant and equipment, related debt, and funds designated by the Board for future expansion in a separate fund, entitled The St. Anne General Hospital Plant, Equipment and Expansion Fund.

f) 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.

On April 1, 1992, the Hospital entered into an agreement with a not-for-profit corporation to establish and operate a Behavioral Health Unit at the Hospital. The agreement is for a term of four years with successive one year renewal options, however it can be terminated within 90 days if the Unit is not profitable. Under the agreement, the Hospital makes available a minimum number of beds in a separate wing, and provides billing, collection and other services for the Unit. The not-for-profit corporation pays all costs of staffing the Unit and provides related clinical and other administrative services. The Hospital charges the patients for the psychiatric services rendered and pays a fixed fee per reimbursed patient day to the not-for-profit corporation.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

h) Inventories

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

i) Property and Equipment

The Hospital records all property and equipment acquisitions at cost. Depreciation on property and equipment is provided for on a straight-line basis over their estimated useful lives, which range from 4 to 20 years. Depreciation expense includes amortization of capital lease equipment totaling \$149,545 and \$231,542 for the years ended September 30, 1997 and 1996, respectively. Accumulated amortization on capital lease equipment was \$1,104,304 and \$954,759 as of September 30, 1997 and 1996, respectively.

j) Employee Vacation Benefits

Employee vacation benefits are accrued and expensed in the period earned by the employee.

k) Income and Expense Classifications

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses within the statement of operations. Peripheral or incidental transactions are reported as nonoperating revenue and expense.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Property Tax Revenue

The Hospital receives special ad valorem taxes levied on property within the territorial boundaries of the Hospital Service District, which are accounted for as nonoperating revenue on an accrual basis as of the date the taxes are levied each year. Additionally, revenue sharing funds are received from the State and accounted for as nonoperating revenue in the year received. Some of these tax receipts are dedicated for interest and principal retirement of the public improvement bonds which are more fully described in Note 6. The remainder of these tax receipts are available for the maintenance and operation of the Hospital.

Interest expense payable from operating revenues of the Hospital is shown as an operating expense. Interest expense on public improvement bonds supported by tax revenues is shown as a nonoperating expense, since the tax revenues provided for payment of the interest are classified as nonoperating revenue.

m) Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents include cash on hand and cash in banks. Short-term certificates of deposit are considered to be investments rather than cash equivalents for purposes of these financial statements.

Note 2 - CASH AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Note 2 - CASH AND INVESTMENTS (Continued)

During the years ended September 30, 1997 and 1996, the Hospital's investments consisted principally of certificates of deposit. Collateral pledged to secure Hospital deposits in excess of FDIC insurance included primarily U.S. Government obligations and obligations guaranteed by the U.S. Government which were held by unaffiliated banks in the Hospital's name.

Note 3 - CHARITY CARE

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics.

The following information measures the level of charity care provided during the years ended September 30, 1997 and 1996.

	<u>1997</u>	<u>1996</u>
Charges foregone, based on established rates	<u>\$423,429</u>	<u>\$318,805</u>
Estimated costs and expenses incurred to provide charity care	<u>\$169,068</u>	<u>\$271,000</u>
Equivalent percentage of charity care patients to all patients served	<u>1.45%</u>	<u>1.36%</u>

Note 4 - 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.

Note 4 - NET PATIENT SERVICE REVENUE (Continued)

- **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 factors. Inpatient nonacute services, certain outpatient services, and defined capital 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. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 1993.
- **Medicaid** - Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. Inpatient services rendered to Medicaid program beneficiaries is reimbursed on a per diem methodology. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 1994.
- **Blue Cross** - Inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retroactive adjustment.

For the year ended September 30, 1997, approximately 60% of the Hospital's gross patient service revenues (30% of net patient service revenues) were furnished to Medicare and Medicaid program beneficiaries. For the year ended September 30, 1996, these percentages were 64% and 48%, respectively.

Note 5 - ASSETS WHOSE USE IS LIMITED

The following is a summary of the components of assets whose use is limited:

	<u>1997</u>	<u>1996</u>
Board-Designated Plant, Equipment and Expansion Fund (established October 1, 1975)		
Cash	\$ 15,989	\$ 10,996
Certificates of deposit	4,277,143	3,825,271
Interest receivable	89,726	82,860
Other	<u>2,734</u>	<u>343</u>
Totals	<u>\$4,385,612</u>	<u>\$3,919,470</u>
Debt Service Fund: Public Improvement Bonds, Series 1977:		
Cash	\$ 18,549	\$ 22,625
Certificate of deposit	219,973	184,877
Interest receivable	<u>307</u>	<u>322</u>
Totals	<u>\$238,829</u>	<u>\$207,824</u>

Note 6 - LONG-TERM DEBT

The following is a summary of bonds payable:

	<u>1997</u>	<u>1996</u>
Public Improvement Bonds, Series 1977, 4.5% to 5.6% due serially to 2002, with annual principal installments ranging from \$90,000 to \$120,000 (described below)	\$525,000	\$610,000
Less current maturities	<u>(90,000)</u>	<u>(185,000)</u>
Net bonds payable	<u>\$435,000</u>	<u>\$425,000</u>

Note 6 - LONG-TERM DEBT (Continued)

Public Improvement Bonds - During 1977, the Hospital Service District issued public improvement bonds totaling \$1,500,000 to finance expansion of the hospital. Interest payments and principal retirements of the bonds are funded through special ad valorem taxes levied on property within the boundaries of the Hospital Service District. The bonds are callable by the District at face amount plus accrued interest in inverse order of their maturity on any interest payment date after ten years from their date of original issuance.

Interest expense on bonds payable for the years ended September 30, 1997 and 1996 totaled \$30,460 and \$35,722, respectively. Aggregate maturities of bonds payable at September 30, 1997 are as follows:

Year Ending September 30,	Bonds and Notes <u>Payable</u>
1998	\$ 90,000
1999	190,000
2000	185,000
2001	110,000
2002	<u>120,000</u>
Total	<u>\$525,000</u>

The following is a summary of capitalized lease obligations:

	<u>1997</u>	<u>1996</u>
Capitalized lease obligation, discounted at a rate of 8.25%, due in monthly installments of \$4,346 to August 1997	\$ -	\$41,531
Capitalized lease obligation, discounted at a rate of 6%, due in monthly installments of \$1,424 to June 1998	13,203	30,862
Capitalized lease obligation, discounted at a rate of 3.64%, due in monthly installments of \$1,910 to September 1998	22,229	43,242

Note 6 - LONG-TERM DEBT (Continued)

	<u>1997</u>	<u>1996</u>
Capitalized lease obligation, discounted at a rate of 7.33%, due in monthly installments of \$2,847 to February 1999	43,349	73,156
Capitalized lease obligation, discounted at a rate of 7.98%, due in monthly installments of \$1,409 to February 2000	37,047	50,409
Capitalized lease obligation, discounted at a rate of 9.47%, due in monthly installments of \$1,138 to February 2000	28,485	38,899
Capitalized lease obligation, discounted at a rate of 7.76%, due in monthly installments of \$4,032 to July 2000	<u>122,215</u>	<u>138,896</u>
	268,982	438,096
Less current maturities	<u>(135,709)</u>	<u>(168,114)</u>
Net capitalized lease obligations	<u>\$ 133,273</u>	<u>\$ 269,982</u>

Interest expense on capital lease obligations for the years ended September 30, 1997 and 1996 totaled \$27,531 and \$43,208, respectively. The future minimum lease payments due as a result of these noncancelable capital leases together with the present value of the minimum lease payments as of September 30, 1997 are as follows:

<u>Year Ending September 30,</u>	
1998	\$131,691
1999	90,337
2000	<u>31,917</u>
Total minimum lease payments	253,945
Amount representing imputed interest	<u>(24,962)</u>
Present value of capitalized lease obligations	<u>\$228,982</u>

Note 7 - EMPLOYEE RETIREMENT PLAN

The Hospital has a defined contribution pension plan which covers substantially all full-time employees who choose to participate after they have met certain eligibility requirements. The Hospital contributes 7% of a participant's base hourly wage, up to a maximum of 80 hours in a two-week payroll period. Contributions are not made for overtime, differentials, or call pay earned by participants. The Hospital's contributions to the plan for the years ended September 30, 1997 and 1998 were \$260,869 and \$188,293, respectively.

Note 8 - CONCENTRATION OF CREDIT RISK

The Hospital grants credit for health care services rendered to patients who reside primarily in Lafourche Parish, Louisiana.

Note 9 - COMMITMENTS

In 1967, the Hospital received a grant of \$1,100,000 under the Federal Hill-Burton Act for construction of an addition to the Hospital building. The acceptance of this grant requires the Hospital to provide a reasonable amount of charity care to indigent patients.

The Hospital agreed with the Louisiana Hill-Burton Agency to provide charity care of \$257,478 and \$202,479 for the years ended September 30, 1997 and 1998, respectively. Management believes that the Hospital has met its obligations. The Hospital has agreed to provide \$68,000 of charity care for the year ending September 30, 1998.

Note 10 - CONTINGENCIES

The Hospital carries professional liability insurance for medical malpractice losses up to \$100,000. It is a member of the Louisiana Patients' Compensation Fund, which provides coverage for any such losses in excess of \$100,000 up to the \$200,000 statutory maximum of awards for such damages in Louisiana. The Hospital is a defendant in several lawsuits. Management of the Hospital believes, however, that no probable losses have been incurred as a result of these claims, and no provision has been made in the financial statements for any liability that might be incurred from their ultimate resolution.

NET PATIENT SERVICE REVENUES

St. Ann's General Hospital

For the years ended September 30, 1997 and 1996

	1997	1996
Daily Patient Services		
Ambulatory care	\$ 145,385	\$ 139,568
Behavioral Health Unit	4,065,819	3,833,750
Inpatient care	298,688	330,850
Lockport clinic	83,397	-
Medical and Surgical Unit #3	1,830,117	1,018,689
Newborn nursery	91,895	139,478
Skilled nursing facilities	358,685	194,925
	<u>3,874,908</u>	<u>5,644,460</u>
Other Nursing Services		
Ambulatory surgery	616,379	547,043
General service and supply	4,129,466	3,939,793
Delivery and labor rooms	84,905	114,383
Emergency services	1,181,919	1,879,968
Home health services	2,300,073	2,827,457
Operating room	1,247,588	1,326,323
	<u>9,560,352</u>	<u>9,625,067</u>
Other Professional Services		
Anesthesiology	609,158	648,293
Cardiopulmonary	2,377,901	1,911,247
Laboratory	3,352,825	3,864,073
Pharmacy	3,548,478	3,230,716
Physical therapy	82,448	64,023
Radiology	3,477,838	3,148,831
	<u>13,795,847</u>	<u>16,865,183</u>
Gross patient service revenues	<u>23,811,107</u>	<u>25,540,623</u>
Allowances and Uncollectible Amounts		
Administrative adjustments	(2,022,405)	(968,785)
Charity allowances	(425,476)	(319,895)
Medicare and Medicaid contractual allowances	(7,859,340)	(8,883,674)
	<u>(10,307,221)</u>	<u>(10,022,354)</u>
Net patient service revenues	<u>\$ 13,503,886</u>	<u>\$ 15,517,269</u>

OPERATING EXPENSES

St. Anne General Hospital

For the years ended September 30, 1997 and 1996

	1997			Totals
	Salaries and Wages	Professional Services	Supplies and Other Expenses	
Nursing Services				
Administrative office	\$ 101,306		\$ 1,862	\$ 103,168
Ambulatory surgery	13,718			13,718
Central services and supply	100,987		607,988	708,975
Delivery and labor rooms	269,371		8,032	277,403
Emergency service	354,306	\$ 660,740	6,587	1,021,633
Home health services	682,293	55,902	138,448	876,643
Homebased service				
Intensive care	376,946		4,038	380,984
Medical and surgical	895,625	13,184	43,794	952,603
Newborn nursery	131,679		1,045	132,724
Operating room	433,973	76,800	38,971	549,744
Physician's office	53,339	4,273	8,986	66,598
Skilled nursing facilities	233,262		2,697	235,959
Specialized nursing assignment plan	6,088			6,088
	<u>3,672,987</u>	<u>818,499</u>	<u>861,640</u>	<u>\$ 5,344,446</u>
Other Professional Services				
Anesthesiology	264,634	12,376	2,728	\$ 279,738
Behavioral health		2,033,973	21,366	2,058,319
Cardiopulmonary	263,280		59,982	323,262
Cardiovascular			262	262
Environmental services	27,273			27,273
Infection control	15,988		77	16,065
Laboratory	318,433	287,943	368,146	974,522
Health information services	138,239		9,996	148,235
Pharmacy	146,288		461,443	607,731
Physical therapy		41,223		41,223
Radiology	236,447	86,612	117,429	439,488
	<u>1,341,189</u>	<u>2,462,127</u>	<u>981,549</u>	<u>\$ 4,784,665</u>

Schedule 2

1995			
Salaries and Wages	Professional Services	Supplies and Other Expenses	Totals
\$ 90,256		\$ 1,914	\$ 92,170
10,369		154	10,523
126,768		713,883	840,651
236,165		8,695	244,860
291,132	\$ 604,663	5,811	901,606
612,996	38,660	41,058	692,714
19,504			19,504
343,265	9,813	3,863	356,941
892,654	30,415	37,932	961,001
131,236		2,175	133,411
442,386	68,416	39,450	549,252
385,874	12,000	1,863	399,737
<u>18,536</u>			<u>18,536</u>
<u>3,411,171</u>	<u>766,399</u>	<u>856,798</u>	<u>\$ 5,034,368</u>
207,204	19,414	3,131	\$ 229,749
	1,859,718	14,921	1,874,639
265,372	4,950	65,429	335,751
		1,055	1,055
265,583	361,288	365,467	992,338
125,186		9,025	134,211
139,834		431,870	571,704
	12,011	65	12,076
<u>399,175</u>	<u>65,125</u>	<u>100,327</u>	<u>464,627</u>
<u>1,212,596</u>	<u>3,272,505</u>	<u>991,290</u>	<u>\$ 4,476,391</u>

1997

	Salary and Wages	Professional Services	Supplier and Other Expenses	Totals
Administrative Services				
Accreditation fees			4,955	\$ 4,955
Advertising			22,542	22,542
Collection expense			22,948	22,948
Communications			52,823	52,823
Dues and subscriptions			39,503	39,503
Employee insurance			323,565	323,565
Executive office	310,386	50,400	12,134	372,920
Insurance			314,347	314,347
Leases			31,583	31,583
Pensions			260,869	260,869
Quality management	64,081		25,590	89,671
Professional fees			61,049	61,049
Postage			38,940	38,940
Public relations	48,328	88,253	62,246	198,827
Purchasing	33,000		1,761	34,761
Taxes and licenses			486,268	486,268
Travel and vehicles			66,095	66,095
	<u>351,778</u>	<u>138,653</u>	<u>1,822,418</u>	<u>\$ 2,312,849</u>
General Services				
Dietary	240,924		336,191	\$ 577,115
Housekeeping	128,790		39,696	168,486
Laundry and linen	63,357		11,809	75,166
Plant operations and maintenance	159,775	3,174	238,068	421,017
Security	12,877	65,026	111	78,014
Utilities			338,483	338,483
	<u>605,723</u>	<u>68,200</u>	<u>884,368</u>	<u>\$ 1,558,291</u>
Fiscal Services				
Accounting	114,800		4,057	\$ 118,857
Business office	266,404		27,571	293,975
Data processing	17,572		63,838	81,410
	<u>398,776</u>		<u>95,466</u>	<u>\$ 494,242</u>
Totals	<u>\$ 6,387,933</u>	<u>\$ 3,479,479</u>	<u>\$ 6,645,861</u>	

**Schedule 2
(Continued)**

1996			
Salary and Wages	Professional Services	Supplies and Other Expenses	Totals
			\$ -
		16,274	16,274
		33,979	33,979
		68,873	68,873
		36,793	36,793
		433,153	433,153
187,578	50,400	8,641	246,619
		289,963	289,963
		19,838	19,838
		180,293	180,293
27,277		20,706	47,983
		45,144	45,144
		38,068	38,068
43,551	69,400	87,081	200,032
59,024		3,450	62,474
		433,378	433,378
		144,175	144,175
<u>317,430</u>	<u>119,800</u>	<u>1,848,811</u>	<u>\$2,286,041</u>
		272,388	\$ 272,388
238,133		32,349	168,428
133,679		28,542	84,872
38,330			
		360,333	412,809
153,154			59,252
35,379	23,873	317,000	317,000
<u>617,697</u>	<u>23,873</u>	<u>911,034</u>	<u>\$1,552,604</u>
		3,569	\$ 113,954
110,585		20,045	258,737
238,682		62,898	78,728
15,830			
<u>364,897</u>		<u>86,512</u>	<u>\$ 451,409</u>
<u>\$5,923,791</u>	<u>\$3,182,378</u>	<u>\$4,694,485</u>	



Georgian Bennett

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF THE GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners of
Hospital Service District No. 2,
Lafourche Parish, Louisiana.

We have audited the general purpose financial statements of St. Anne General Hospital (Hospital Service District No. 2, Parish of Lafourche, State of Louisiana), a component unit of the Lafourche Parish Council, as of and for the year ended September 30, 1997, and have issued our report thereon dated December 5, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Hospital's compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we considered to be material weaknesses.

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
December 3, 1997.