

**Deloitte &  
Touche**

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***Wyandot Memorial Hospital***

*Financial Statements and Supplemental Schedules  
for the Years Ended December 31, 1999 and 1998  
and Independent Auditors' Report*



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
Wyandot Memorial Hospital  
Upper Sandusky, Ohio 43351

We have reviewed the Independent Auditor's Report of the Wyandot Memorial Hospital, Wyandot County, prepared by Deloitte & Touche LLP, for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wyandot Memorial Hospital is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

June 23, 2000



## INDEPENDENT AUDITORS' REPORT

To the Joint Township Hospital Board of Trustees  
and Hospital Board of Governors of  
Wyandot Memorial Hospital:

We have audited the accompanying balance sheets of Wyandot Memorial Hospital (the Hospital) as of December 31, 1999 and 1998, and the related statements of revenue and expenses of general fund, changes in fund balances and cash flows of general fund 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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. 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, such financial statements present fairly, in all material respects, the financial position of the Hospital as of December 31, 1999 and 1998, and the results of its operations of general fund, the changes in its fund balances and its cash flows of general fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of gross patient service revenues (page 15) and operating expenses (page 16) for the years ended December 31, 1999 and 1998 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the Hospital's management. Such schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 28, 2000 on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Deloitte / Touche LLP*

April 28, 2000

# WYANDOT MEMORIAL HOSPITAL

## BALANCE SHEETS AS OF DECEMBER 31, 1999 AND 1998

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ASSETS	1999	1998
GENERAL FUND		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 924,685	\$ 3,187,309
Short-term investments	819,074	1,350,000
Patient accounts receivable, net of estimated uncollectibles of \$388,000 in 1999 and \$72,000 in 1998	2,691,833	1,959,299
Inventories	659,403	571,238
Prepaid expenses and other	133,846	104,643
Total current assets	<u>5,228,841</u>	<u>7,172,489</u>
ASSETS WHOSE USE IS LIMITED:		
By Board for capital improvements	1,205,365	1,132,677
Under indenture agreement - held by trustee	297,005	166,741
Total assets whose use is limited	<u>1,502,370</u>	<u>1,299,418</u>
LONG-TERM INVESTMENTS	<u>4,061,872</u>	<u>2,621,644</u>
PROPERTY AND EQUIPMENT - Net	<u>6,961,863</u>	<u>4,611,160</u>
OTHER ASSETS - Bond issuance costs, net of accumulated amortization: 1999 - \$51,500; 1998 - \$45,778	<u>34,336</u>	<u>40,058</u>
TOTAL ASSETS	<u>\$ 17,789,282</u>	<u>\$ 15,744,769</u>
RESTRICTED CASH AND CASH EQUIVALENTS	<u>\$ 43,798</u>	<u>\$ 54,565</u>

See notes to financial statements.

# WYANDOT MEMORIAL HOSPITAL

## BALANCE SHEETS AS OF DECEMBER 31, 1999 AND 1998 (CONTINUED)

<b>LIABILITIES AND FUND BALANCE</b>	<b>1999</b>	<b>1998</b>
<b>GENERAL FUND</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of bonds payable	\$ 145,000	\$ 145,000
Current maturities of capital lease obligations	183,190	61,294
Accounts payable	391,263	209,892
Accrued payroll	153,620	125,398
Other accrued expenses	<u>365,647</u>	<u>418,028</u>
Total current liabilities	1,238,720	959,612
BONDS PAYABLE (Less current maturities)	870,000	1,015,000
CAPITAL LEASE OBLIGATIONS (Less current maturities)	490,205	104,875
GENERAL FUND BALANCE	<u>15,190,357</u>	<u>13,665,282</u>
<b>TOTAL LIABILITIES AND GENERAL FUND BALANCE</b>	<u><b>\$17,789,282</b></u>	<u><b>\$15,744,769</b></u>
<b>RESTRICTED FUND BALANCE</b>	<u><b>\$ 43,798</b></u>	<u><b>\$ 54,565</b></u>

See notes to financial statements.

# WYANDOT MEMORIAL HOSPITAL

## STATEMENTS OF REVENUE AND EXPENSES OF GENERAL FUND FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
OPERATING REVENUE:		
Net patient service revenue	\$ 12,682,693	\$ 11,808,226
Other operating revenue	<u>310,488</u>	<u>340,049</u>
Total operating revenue	<u>12,993,181</u>	<u>12,148,275</u>
OPERATING EXPENSES:		
Salaries and wages	4,549,054	4,219,011
Employee benefits	1,065,082	1,059,037
Supplies and other	2,207,924	2,296,881
Purchased services	2,670,437	2,592,154
Provision for bad debts	787,121	345,633
Depreciation and amortization	825,363	788,090
Insurance	122,587	125,981
Interest	<u>86,477</u>	<u>98,436</u>
Total operating expenses	<u>12,314,045</u>	<u>11,525,223</u>
INCOME FROM OPERATIONS	<u>679,136</u>	<u>623,052</u>
NONOPERATING GAINS:		
Income on investments	404,349	408,913
Bond levy income	340,162	269,589
Other - net	<u>89,535</u>	<u>99,749</u>
Total net nonoperating gains	<u>834,046</u>	<u>778,251</u>
REVENUE AND GAINS IN EXCESS OF EXPENSES	<u>\$ 1,513,182</u>	<u>\$ 1,401,303</u>

See notes to financial statements.

# WYANDOT MEMORIAL HOSPITAL

## STATEMENTS OF CHANGES IN FUND BALANCES FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999			1998		
	General Fund	Restricted Fund	Total Funds	General Fund	Restricted Fund	Total Funds
REVENUE AND GAINS IN EXCESS OF EXPENSES	\$ 1,513,182		\$ 1,513,182	\$ 1,401,303		\$ 1,401,303
TRANSFER TO UNRESTRICTED	11,893	\$(11,893)				
INVESTMENT INCOME - RESTRICTED FUND		1,126	1,126		\$ 1,240	1,240
INCREASE (DECREASE) IN FUND BALANCES	1,525,075	(10,767)	1,514,308	1,401,303	1,240	1,402,543
BALANCES - Beginning of year	<u>13,665,282</u>	<u>54,565</u>	<u>13,719,847</u>	<u>12,263,979</u>	<u>53,325</u>	<u>12,317,304</u>
BALANCES - End of year	<u>\$15,190,357</u>	<u>\$ 43,798</u>	<u>\$15,234,155</u>	<u>\$13,665,282</u>	<u>\$54,565</u>	<u>\$13,719,847</u>

See notes to financial statements.



# WYANDOT MEMORIAL HOSPITAL

## STATEMENTS OF CASH FLOWS OF GENERAL FUND FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES AND NONOPERATING GAINS:		
Revenue and gains in excess of expenses	\$ 1,525,075	\$ 1,401,303
Adjustments to reconcile revenue and gains in excess of expenses to net cash provided by operating activities and nonoperating gains:		
Depreciation and amortization	825,363	788,090
Loss on disposal of property and equipment	8,366	2,805
Decrease (increase) in patient accounts receivable	(732,534)	105,860
Decrease (increase) in inventories	(88,165)	2,010
Decrease (increase) in prepaid expenses and other	(29,203)	5,072
Increase (decrease) in accounts payable	156,349	(6,438)
Increase in accrued payroll	28,222	18,443
Increase (decrease) in other accrued expenses	(52,381)	81,511
Net cash provided by operating activities and nonoperating gains	<u>1,641,092</u>	<u>2,398,656</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of investments	2,968,789	1,444,572
Purchases of investments	(3,878,091)	(1,587,544)
Increase in assets whose use is limited	(202,952)	(151,079)
Proceeds from sale of assets	27,513	
Net cash used in investing activities	<u>(1,084,741)</u>	<u>(294,051)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(2,567,875)	(706,090)
Repayment of bonds payable	(145,000)	(145,000)
Payments on capital lease obligations	(106,100)	(57,735)
Net cash used in capital and related financing activities	<u>(2,818,975)</u>	<u>(908,825)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,262,624)	1,195,780
CASH AND CASH EQUIVALENTS - Beginning of year	<u>3,187,309</u>	<u>1,991,529</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 924,685</u>	<u>\$ 3,187,309</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 87,227	\$ 99,174
Property additions financed through capital leases	<u>\$ 613,326</u>	
Property additions included in accounts payable	<u>\$ 26,936</u>	<u>\$ 1,914</u>

See notes to financial statements.

# WYANDOT MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** - The Wyandot Memorial Hospital (the Hospital) is an acute care hospital organized in 1950 by residents of Salem, Pitt, Crane and Mifflin Townships. The Hospital is located in Upper Sandusky, Ohio and is operated by a Joint Township Hospital Board of Trustees made up of twelve members. The Hospital's Board of Trustees elects one member for the Board of Governors from each township and three members are appointed by a probate judge. The Board of Governors consists of a total of seven members who oversee the daily operations of the Hospital.

**Basis of Presentation** - The financial statements have been presented in conformity with accounting principles generally accepted in the United States of America as recommended in the Audit Guide (Audits of Providers of Health Care Services) published by the American Institute of Certified Public Accountants. The significant accounting policies conform to accounting principles generally accepted in the United States of America for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The Hospital also applies the Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to the extent that they do not contradict or conflict with GASB pronouncements.

**Federal Income Tax** - As a political subdivision, the Hospital is exempt from taxation under the Internal Revenue Code.

**Cash and Investments** - At December 31, 1999, the carrying amount of the Hospital's bank deposits for all funds is \$7,350,451, as compared to bank balances of \$7,423,656. The differences in carrying amount and bank balance are caused by outstanding checks and deposits in-transit. Of the bank balances, \$400,000 is covered by Federal insurance programs and \$7,023,656 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

Statement No. 3 of the Governmental Accounting Standards Board requires government entities to categorize investments to give an indication of the level of risk assumed by the entity. Category 1 includes investments that are insured or registered or for which securities are held by the Hospital or its agent in the name of the Hospital. Category 2 includes uninsured and unregistered investments for which securities are held by the broker's or dealer's trust department or agent in the name of the Hospital. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Hospital's name.

**Unrestricted and Restricted Funds** - Restricted funds represent contributions and bequests whose use is specified by the donor. Restricted gifts and other restricted resources are initially recognized as revenue of the restricted fund and are recognized by the Hospital as direct additions to the general fund in the period in which the expenditures are made for the purpose intended by the donor.

Unrestricted funds represent contributions and bequests upon which donors place no restrictions or that arise as a result of the operation of the Hospital for its stated purpose. Assets whose use is limited are not considered to be restricted funds. Unrestricted contributions are included in nonoperating revenue in the statements of revenue and expenses in the period received by the Hospital.

Pledges, less an allowance for uncollectible amounts, are recorded as receivables in the year made.

**Net Patient Service Revenue** - Normal billing rates for patient services are included in patient service revenue. Patient service revenue and accounts receivable are adjusted for contractual allowances which are recorded on the basis of preliminary estimates of the amounts to be received from third party payors. Final adjustments are made in the period such amounts are finally determined.

**Bond Levy Income** - In 1991, a tax levy was passed to provide the Hospital with unrestricted operating funds through 2006. Proceeds from the tax levy have been included in nonoperating gains in the accompanying financial statements.

**Cash and Cash Equivalents** - The Hospital defines cash as currency on hand and demand deposits with financial institutions. Cash equivalents are defined as short-term highly liquid investments purchased with initial maturities of three months or less. Cash and cash equivalents included in assets whose use is limited are not considered cash and cash equivalents for purposes of the statements of cash flows of general funds.

**Inventories** - Inventories are stated at cost, determined by the first-in, first-out method.

**Assets Whose Use is Limited** - Assets whose use is limited consist of invested funds designated by the Hospital's Board of Trustees for the replacement, improvement, and expansion of the Hospital's facilities and invested funds restricted in connection with the Hospital's general obligation bonds (see Note 6).

**Property and Equipment** - Property and equipment are recorded at cost, or if donated, at fair value at the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. The estimated useful lives of the assets range from 2 to 40 years. Depreciation expense was \$819,640 and \$782,368 for 1999 and 1998, respectively.

**Bond Issuance Costs** - Costs incurred in connection with the issuance of bonds are being amortized over the term of the related bonds (see Note 6).

**Professional Liability Insurance** - The Hospital purchases, through a commercial carrier, professional liability insurance on an occurrence basis up to specified policy limits of \$1,000,000 per claim, \$3,000,000 in the annual aggregate, and total excess coverage of \$3,000,000. The related expense is included in insurance expense in the statement of revenues and expenses of general funds.

**New Accounting Pronouncements** - In December 1998, GASB issued Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This statement establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources (i.e., donations). The statement

addresses the timing of recognition of nonexchange transactions and will be effective for the year ending December 31, 2001. In June 1999, GASB issued Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement establishes new financial reporting requirements for state and local governments, which consist of management's discussion and analysis and required supplementary information. Management has not completed the process of evaluating the effects these statements will have on its financial position and results of operations when such statements are adopted.

## 2. NET PATIENT SERVICE REVENUE

The Hospital provides services to certain patients covered by various third party payor arrangements that provide for payments to the Hospital at amounts different than its established rates. In 1999 and 1998, approximately 47% of the Hospital's total patient revenue represented Medicare revenue. The remaining revenue was derived primarily from commercial insurance and self pay sources. Net patient service revenue consist of the following for the years ended December 31, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Gross patient service revenue	\$ 19,903,298	\$ 17,882,024
Less contractual adjustments under third party reimbursement programs	<u>7,220,605</u>	<u>6,073,798</u>
Net patient service revenue	<u>\$ 12,682,693</u>	<u>\$ 11,808,226</u>

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated approximately \$80,496 and \$95,000 in 1999 and 1998, respectively.

## 3. THIRD PARTY SETTLEMENTS

Reimbursement for Medicare and Medicaid patients is subject to audit and final settlements by the respective intermediaries. The amounts reported in the financial statements represent the estimated settlements outstanding at December 31, 1999 and 1998, which management believes will approximate final settlements after audits by the respective agencies. Any difference between estimated and final settlements are recognized as contractual adjustments under third party reimbursement programs in the period of the final settlement. Final settlements have been reached with Medicare through 1996 and Medicaid through 1994.

#### 4. ASSETS WHOSE USE IS LIMITED

The composition of assets whose use is limited is set forth below. Investments are stated at market which approximates cost.

	December 31,	
	1999	1998
By Board, for capital improvements:		
Cash	\$ 8,127	\$ 6,265
Certificates of deposit	915,050	870,884
Money market accounts	<u>282,188</u>	<u>255,528</u>
Total	1,205,365	1,132,677
Held by trustee, under Bond Indenture agreements -		
Money market accounts	<u>297,005</u>	<u>166,741</u>
Total	<u>\$ 1,502,370</u>	<u>\$ 1,299,418</u>

#### 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	1999	1998
Land and land improvements	\$ 193,080	\$ 193,080
Buildings and building improvements	7,201,431	4,883,635
Building service equipment	756,389	753,941
Major movable equipment	4,622,739	4,283,905
Major movable equipment - capital leases	892,933	279,607
Construction in progress		286,373
Total	<u>13,666,572</u>	<u>10,680,541</u>
Less accumulated depreciation	<u>6,704,709</u>	<u>6,069,381</u>
Property and equipment - net	<u>\$ 6,961,863</u>	<u>\$ 4,611,160</u>

#### 6. BONDS PAYABLE AND CAPITAL LEASE OBLIGATIONS

Debt outstanding at December 31, 1999 and 1998 consists of general obligation bonds for building construction issues. General obligation bonds are direct obligations of the Joint Township Board of Trustees for which its full-faith, credit and resources are pledged and are payable from taxes levied on all property in the Crane, Mifflin, Pitt and Salem Townships. General obligation bonds of \$2,200,000 were issued in January 1991 in connection with the building expansion and renovation project. Such bonds bear interest at 6.2% and 6.1% in 1999 and 1998, respectively, with annual principal payments of \$145,000 due through December 1, 2006.

The Hospital leases medical equipment, office equipment, furniture and fixtures used in its operations under capital leases, which generally require the Hospital to pay property taxes,

insurance and maintenance costs. Such capital leases are due in monthly installments, including interest at rates of 1.87% - 6%, through November 2004 and are collateralized by the equipment leased.

Equipment under capital leases is summarized as follows:

	December 31,	
	1999	1998
Cost of equipment under capital lease	\$ 892,933	\$ 279,607
Accumulated amortization	<u>239,682</u>	<u>135,140</u>
Net carrying amount	<u>\$ 653,251</u>	<u>\$ 144,467</u>

At December 31, 1999, future minimum payments and the present value of net minimum lease payments under capital lease obligations are as follows:

	Capital Leases
Year:	
2000	\$ 198,859
2001	169,862
2002	129,261
2003	129,262
2004	<u>81,212</u>
Total future minimum payments	708,456
Less - amounts representing interest	<u>35,061</u>
Total present value of net minimum lease payments	673,395
Less - current portion	<u>183,190</u>
Long-term portion	<u>\$ 490,205</u>

## 7. DEFERRED COMPENSATION PLAN

All full-time employees of the Hospital may participate in a deferred compensation plan created by the State of Ohio under the provisions of Internal Revenue Code ("IRC") Section 457 (Deferred Compensation Plans With Respect to Service for State and Local Governments). Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

In 1997 and prior years, all amounts of compensation deferred under a plan, all property rights purchased with those amounts, and all income attributable to those amounts, property, or rights were the sole property of the qualified employer and subject to the claims of the employer's general creditors. Participants' rights under the plan were equal to those of a general creditor of the employer in the amount equal to the fair value of the deferred account for each participant. The deferred compensation assets and an equal liability were included in the financial statements of the employer.

As a result of changes to IRC Section 457 and changes in 1998 at the state level, compensation assets deferred under a plan, all property and rights, and all income attributable to those amounts, property, or rights are held in trust at the state level for the benefit of the participants. The Hospital no longer includes the deferred compensation assets or the related liability in its financial statements.

## **8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

All employees of the Hospital are required to participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system. PERS provides retirement and disability benefits, annual cost-of-living adjustments, health care benefits, and death benefits to plan members and beneficiaries. PERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS (7377).

The Hospital and covered employees contribute at an actuarially determined rate of 13.55% and 8.5%, respectively, for 1999, 1998, and 1997, of covered employee payroll to PERS. The Hospital's contributions required by and made to PERS for the years ended December 31, 1999, 1998 and 1997 were \$604,162, \$560,175 and \$515,852, respectively.

PERS also provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB). A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The portion of the 1999 and 1998 employer contribution rate of 13.55% used to fund health care was 4.2%. The Ohio Revised Code provides the statutory authority requiring public employees to fund postretirement health care through their contributions to PERS.

OPEB is financed through employer contributions and investment earnings there on. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

**9. CONTINGENCIES**

The Hospital is involved from time to time in various legal actions arising in the normal course of business. In the opinion of management, these matters, individually and in the aggregate, are not expected to result in a material adverse effect on the Hospital's financial position or results of operations.

Included in accounts receivable at December 31, 1999, is approximately \$307,000 related to amounts due from Health First insurance carrier whose business filed bankruptcy during 1999. Currently, the Ohio Department of Insurance is working with Health First to determine the ultimate amount of payments to providers. The Hospital has recorded a provision for bad debts of \$279,000 for this matter.

**10. WYANDOT HEALTH FOUNDATION AND WYANDOT HEALTH CORPORATION**

Wyandot Health Foundation, Inc. (the Foundation) was established on June 10, 1985, per authority of the Ohio Revised Code. The Foundation is a nonprofit entity operated for the benefit of Wyandot Memorial Hospital. The Foundation donated cash and equipment on behalf of the Hospital totalling \$25,269 and \$224 for the years ended December 31, 1999 and 1998, respectively, which was recorded by the Hospital as unrestricted gifts. The accompanying financial statements do not include the assets, obligations, revenues or expenses of the Foundation.

Wyandot Health Corporation was established on January 1, 1992, as a subsidiary of the Foundation, to engage in health related activities for the benefit of persons residing in the geographic area served by Wyandot Memorial Hospital. Wyandot Health Corporation formed a partnership with Medserve Corporation, with Wyandot Health Corporation holding a 40% ownership interest. The partnership operates under the name Lifetime Home Medical Equipment and engages in the business of selling and/or renting home medical equipment. Wyandot Memorial Hospital leases on a month to month basis a storeroom to Lifetime Home Medical Equipment at a cost of \$450 per month.

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# WYANDOT MEMORIAL HOSPITAL

## SUPPLEMENTAL SCHEDULES OF GROSS PATIENT SERVICE REVENUES FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

DEPARTMENT	1999 Patient Service Revenue			1998
	In-Patient	Out-Patient	Total	Total
Laboratory and Pathology	\$ 656,897	\$ 2,806,308	\$ 3,463,205	\$ 2,857,103
Radiology	211,434	1,671,011	1,882,445	1,697,185
Materials Management	915,706	922,496	1,838,202	1,700,009
Pharmacy	1,034,155	620,929	1,655,084	1,546,292
Operating Room	615,794	848,871	1,464,665	1,417,555
Medical and Surgical	984,624	387,194	1,371,818	1,400,979
Respiratory Therapy	492,489	474,900	967,389	782,919
Physician Services Revenue		840,706	840,706	785,540
Emergency Room	94,296	729,890	824,186	777,753
EKG	143,936	665,287	809,223	711,042
Emergency Room Physician Fees	61,595	742,936	804,531	793,598
Coronary Care Unit	483,758	207,041	690,799	580,429
Nuclear Medicine	28,355	628,663	657,018	548,936
Physical Therapy	74,366	576,058	650,424	536,215
CT Scan	115,903	514,172	630,075	595,612
Cardiac Rehabilitation		362,013	362,013	339,624
MRI	6,686	301,014	307,700	186,338
Anesthesia and CRNA	74,639	149,321	223,960	200,552
Outpatient Clinic	10,046	206,081	216,127	173,573
Obstetrical	109,908	1,835	111,743	120,006
Delivery Room	43,115	24,465	67,580	78,313
Nursery	66,900		66,900	70,675
Blood Administration	17,009	13,967	30,976	32,356
EEG	932	23,421	24,353	20,598
SNF/ICF	22,672		22,672	24,184
	<u>\$6,265,215</u>	<u>\$13,718,579</u>	19,983,794	17,977,386
Less amounts considered charity care			<u>(80,496)</u>	<u>(95,362)</u>
TOTAL			<u>\$19,903,298</u>	<u>\$17,882,024</u>

# WYANDOT MEMORIAL HOSPITAL

## SUPPLEMENTAL SCHEDULES OF OPERATING EXPENSES FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

DEPARTMENT	1999		1998	
	Salaries and Wages	Other Expenses	Total Expenses	Total Expenses
Administrative and General	\$ 605,090	\$2,489,843	\$ 3,094,933	\$ 2,889,035
Laboratory and Pathology	312,097	751,011	1,063,108	1,028,552
Emergency Room	263,297	791,261	1,054,558	1,045,527
Physician Services	573,909	373,258	947,167	825,961
Operating Room	283,254	635,359	918,613	894,309
Medical and Surgical	602,056	189,232	791,288	725,349
Radiology	283,204	188,605	471,809	454,389
Pharmacy	139,846	325,221	465,067	413,812
Dietary	139,269	276,175	415,444	418,986
Nuclear Medicine/MRI	5,436	403,157	408,593	385,585
Plant	104,247	232,305	336,552	278,373
Coronary Care Unit	201,206	71,543	272,749	251,019
Respiratory Therapy	139,804	80,793	220,597	210,381
Physical Therapy		203,552	203,552	175,894
Housekeeping	124,163	57,442	181,605	169,641
EKG	74,125	100,324	174,449	133,869
CT Scan	14,232	153,369	167,601	157,287
Medical Records	123,691	30,637	154,328	160,869
Nursing Administration	118,866	35,237	154,103	118,907
Cardiac Rehabilitation	82,963	50,267	133,230	125,879
Outpatient Clinic	80,478	49,987	130,465	145,455
Obstetrical	54,661	23,476	78,137	79,546
Anesthesia and CRNA		75,675	75,675	64,147
Materials Management	50,614	18,328	68,942	68,580
Nursery	56,040	11,730	67,770	64,439
Linen	13,926	50,439	64,365	70,248
Labor and Delivery	47,214	14,757	61,971	58,797
Biomedical Engineering	37,513	9,615	47,128	54,520
Blood Administration		42,002	42,002	28,160
Social Services	15,445	2,163	17,608	15,949
Industrial Physicals	2,408	13,370	15,778	3,430
EEG		14,700	14,700	7,560
Prenatal Education		158	158	768
<b>TOTAL</b>	<b>\$4,549,054</b>	<b>\$7,764,991</b>	<b>\$12,314,045</b>	<b>\$11,525,223</b>

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Joint Township Hospital Board of Trustees  
and Hospital Board of Governors of  
Wyandot Memorial Hospital:

We have audited the financial statements of Wyandot Memorial Hospital (the Hospital), as of and for the year ended December 31, 1999, and have issued our report thereon dated April 28, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

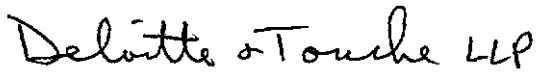
**COMPLIANCE**

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

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control 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 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 operation that we consider to be material weaknesses.

This report is intended for the information of the management, Board of Trustees and Board of Governors of Wyandot Memorial Hospital and the Auditor of State. However, this report is a matter of public record and its distribution is not limited.

  
April 28, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**WYANDOT MEMORIAL HOSPITAL**

**WYANDOT COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: Susan Babbitt

Date: JULY 13, 2000