

Board of Commissioners  
West Calcasieu-Cheniere Hospital  
Sulphur, Louisiana

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions 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, could adversely affect the organization's ability to record, process, summarize and report financial data in a manner that is consistent with the assertions of management in the financial statements.

Monthly reconciliations of patient accounts receivable subsidiary ledgers were NOT reconciled to the general ledger totals -

**Circumstances:** Incomplete, unrecruited accounts receivable subsidiary ledgers are essential in order to prepare reliable financial statements.

**Condition:** The Hospital has not reconciled patient accounts receivable subsidiary ledgers to the general ledger.

**Effect:** Adjustments were made at year-end to balance subsidiary ledgers to the general ledger.

**Recommendation:** We recommend the Hospital expedite efforts to reconcile monthly subsidiary ledgers to the general ledger.

**Management Response:** Hospital management noted they would issue proper reconciliations are performed in 1997.

We consider this deficiency in the internal control structure to be a reportable condition and a material weakness with an unadjusted impact on the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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.

This report is intended for the information of the management of West Calcasieu-Cheniere Hospital. However, this report is a matter of public record and its distribution is not limited.

*Brown & G*

April 24, 1997  
1480

WEST CALIFORNIA-CARSON HOSPITAL  
 Fullerton, California

Schedule B-2

Schedule of GENERAL SERVICE EXPENSES  
 Years Ended December 31,

	<u>1966</u>	<u>1965</u>
Dietary - salaries	\$ 481,810	\$ 481,870
Dietary - food	127,883	128,780
Dietary - expenses	76,849	77,323
Housekeeping - salaries	225,753	241,400
Housekeeping - expenses	204,007	84,524
Laundry - salaries	83,888	80,718
Laundry - expenses	71,148	52,829
Operating and maintenance of plant - salaries	224,484	226,743
Operating and maintenance of plant - expenses	<u>803,513</u>	<u>798,188</u>
TOTAL GENERAL SERVICE EXPENSES	<u>\$ 2,328,382</u>	<u>\$ 2,813,321</u>

WEST CALGARY-CARDEN HOSPITAL  
Calgary, Alberta

Schedule B-4

SCHEDULE OF OTHER PROFESSIONAL SERVICE EXPENSES  
Years Ended December 31,

	1984	1983
Anesthesiology - expenses	\$ 442,164	\$ 516,179
Radiology - salaries	500,879	527,434
Radiology - expenses	718,885	732,439
Laboratory - salaries	718,889	731,863
Laboratory - expenses	652,696	619,798
Cardiology, MBS and BBS - salaries	179,383	182,189
Cardiology, MBS and BBS - expenses	44,854	52,782
Physical therapy - salaries	489,830	614,478
Physical therapy - expenses	322,897	419,189
Oncologic room - expenses	42,710	34,333
Pharmacy - salaries	323,388	327,154
Pharmacy - supplies	3,089,850	1,152,459
Inhalation therapy - salaries	339,352	328,883
Inhalation therapy - expenses	135,216	171,871
Intensive care - salaries	985,888	908,180
Intensive care - expenses	83,362	84,286
Medical records - salaries	213,678	215,886
Medical records - expenses	394,548	39,891
Nuclear medicine - salaries	20,212	26,729
Nuclear medicine - expenses	382,896	467,383
Nitroglycerin - salaries	57,718	61,259
Nitroglycerin - expenses	26,158	28,798
Room Health Care - salaries	797,748	825,214
Room Health Care - expenses	268,188	255,864
Work Hardening salaries	93,838	189,713
Work Hardening expenses	6,938	6,873
Day Care salaries	206,384	201,253
Day Care expenses	45,888	26,262
Occupational therapy salaries	247,992	256,188
Occupational therapy expenses	8,026	22,149
Old site clinic salaries	428,187	481,399
Old site clinic expenses	784,993	765,108
Wellness Center salaries	485,425	503,129
Wellness Center expenses	138,389	123,732
Therapeutic riding salaries	88,342	88,862
Therapeutic riding expenses	34,128	21,042
Transitional Care Unit salaries	338,124	-
Transitional Care Unit expenses	148,887	-
<b>TOTAL OTHER PROFESSIONAL SERVICE EXPENSES</b>	<b>\$11,788,126</b>	<b>\$11,255,162</b>

**WEST CHICKADEE-CAMERON HOSPITAL**  
 Bogalusa, Louisiana

**Schedule of Nursing Expenses**  
 Years Ended December 31,

	<u>1996</u>	<u>1995</u>
Nursing services - salaries	\$ 2,344,644	\$ 2,328,283
Nursing services - administrative salaries	371,918	383,801
Nursing services - expenses	246,858	232,782
Central supply - salaries	286,800	282,247
Central supplies and expenses	1,439,817	1,487,953
Operating room - salaries	553,252	547,753
Operating room - expenses	501,375	488,892
Delivery room - salaries	278,544	322,801
Delivery room - expenses	18,485	22,223
Recovery - salaries	303,492	303,833
Recovery - expenses	18,723	21,348
Recovery room - salaries	151,553	152,100
Recovery room - expenses	8,128	8,288
Intensive care - salaries	463,377	428,117
Intensive care - expenses	12,599	22,975
ICU - salaries	-	211,294
ICU - expenses	-	212,908
Emergency room - salaries	718,282	724,493
Emergency room - expenses	48,738	56,524
Emergency room - professional fees	1,043,888	821,122
<b>TOTAL NURSING EXPENSES</b>	<b>\$ 8,013,322</b>	<b>\$ 8,588,288</b>

WEST CALORNIANS-CANNON HOSPITAL  
 Sulphur, Louisiana

Schedule B-2

Schedule of Other Professional Service Revenues (Footnote)  
 Years Ended December 31.

	1988	1989
<b>MEDICID PATIENTS</b>		
Arthrobiology	\$ 30,826	\$ 35,383
Radiology	399,597	214,522
Laboratory	421,496	344,626
Cardiology, EKG, EEG	41,383	54,748
Physical therapy	48,350	48,747
Otolaryngic	20,863	18,000
Respiratory medicine	24,383	13,327
Pharmacy	582,388	354,489
Oxygen and Inhalation therapy	326,723	337,883
Ambulance service	70,318	48,000
Emergency room physicians - professional fees	333,874	384,897
Occupational therapy	81,292	32,624
Nurse health care	34,818	27,371
Nursing	-	-
Therapeutic riding	15,283	22,499
Total Medicaid Patients	<u>3,898,278</u>	<u>3,822,813</u>
<b>TOTAL OTHER PROFESSIONAL SERVICE REVENUES</b>	<b><u>422,820,648</u></b>	<b><u>427,688,338</u></b>

**WEST CALGARED-CAMPBELL HOSPITAL**  
**Belmont, California**

Schedule No.2

Schedule of Other Professional Service Revenue  
 Years Ended December 31,

	<u>1954</u>	<u>1953</u>
<b>REGULAR PATIENTS</b>		
Anesthesiology	\$ 215,357	\$ 190,441
Radiology	2,112,059	1,800,515
Laboratory	1,644,148	1,642,381
Cardiology, EKG, EEG	94,382	309,984
Physical Therapy	1,128,070	841,289
Orthopedic	67,879	75,844
Nuclear medicine	179,366	152,182
Pharmacy	2,755,186	2,434,741
Oxygen and inhalation therapy	1,394,888	1,313,787
Diets - long-term care	257,048	234,941
Ambulance service	698,400	348,662
Emergency room physicians - professional fees	944,023	1,068,365
Occupational therapy	667,084	378,489
Home health care	69,122	48,572
Work Hardening	122,059	224,862
Day care	318,647	332,382
Therapeutic riding	328,160	118,429
Wellness Center	918,923	894,927
Plant and industry services	118,888	38,447
off site visits	287,174	763,094
Transitional Care Unit	-	-
Total Regular Patients	<u>12,869,860</u>	<u>11,866,224</u>
<b>MEDICARE PATIENTS</b>		
Anesthesiology	158,570	154,474
Radiology	1,895,278	1,471,757
Laboratory	2,298,021	2,268,882
Cardiology, EKG, EEG	268,938	624,734
Physical Therapy	482,868	388,649
Orthopedic	82,382	73,661
Nuclear medicine	264,881	242,828
Pharmacy	2,678,125	2,742,327
Oxygen and inhalation therapy	1,938,388	2,128,482
Ambulance service	264,854	229,194
Emergency room physicians - professional fees	248,024	293,826
Occupational therapy	38,322	22,323
Home health care	1,462,573	2,628,024
Work Hardening	488	8,642
Therapeutic riding	-	2,188
Transitional Care Unit	1,015,680	-
Total Medicare Patients	<u>14,248,327</u>	<u>13,628,642</u>

Continued

29



# BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

*A Supplemental Organization*

209-371-0000  
FAX (209)371-0004

PO BOX 578000

MEMPHIS, TN 38107

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Commissioners  
West Calcasieu-Cameron Hospital  
Calcasieu-Cameron Hospital Service District  
Bossier, Louisiana

Our report on our audits of the basic financial statements of West Calcasieu-Cameron Hospital as of December 31, 1998 and 1999, and for the years then ended appears on page 3. The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information 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 audits 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.

April 24, 1999  
/s/

S U P P L E M E N T A R Y   I N F O R M A T I O N



WEST CALOUMIER-CARSON HOSPITAL  
Bajuste, Louisiana

Notes to Financial Statements (Continued)  
December 31, 1998 and 1999

Note 17- Concentrations of Credit Risk (Continued)

	1998	1999
Medicare	294	219
Medicaid	13	6
Other	63	63
	<u>370</u>	<u>288</u>

The hospital routinely invests its funds in money market mutual funds. The funds generally invest in highly liquid U.S. Government and agency obligations. Investments in money market funds are not insured or guaranteed by the U.S. Government. However, management believes that credit risk related to these investments is minimal.

Note 18- Post Retirement Benefits

The hospital provides post retirement health care benefits to all employees who retire and meet the retirement criteria of the Parsonnel Employees' Retirement System of Louisiana. Currently, 55 retirees meet these eligibility requirements. Expenditures for post retirement health care benefits are recognized as retiree report claim incurred, and include a provision for estimated claims incurred, but not yet reported to the hospital. Information regarding expenditures for post retirement health care for 1998 was not maintained. Expenditures of \$24,188 were recognized for post retirement health care for 1999. of the \$23,188 post retirement expenditures for 1999, the hospital provided insurance services totaling \$8,721.

Note 19- Charitable Care

The amount of charges forgiven for services and supplies furnished under the hospital's charity care policy aggregated approximately \$28,774 and \$28,832 in 1998 and 1999, respectively.



# BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

*A Broussard Organization*

TELEPHONE 504-383-0000

300 HIGHT AVENUE

SLATKIN BLDG., SUITE 1000

FAX 504-383-0004

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON A FINANCIAL STATEMENT AUDIT  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
West Calcasieu-Cameron Hospital  
Calcasieu-Cameron Hospital Service District  
Opalona, Louisiana

We have audited the financial statements of West Calcasieu-Cameron Hospital, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 28, 1997.

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 misstatements.

The management of West Calcasieu-Cameron Hospital is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that conditions 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 West Calcasieu-Cameron Hospital, for the year ended December 31, 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.

WEST OREGONIAN-CAMERON HOSPITAL  
 SEASIDE, OREGON

Schedule D-4

Schedule of Fiscal and Administrative Service Expenses  
 Year Ended December 31,

	<u>1988</u>	<u>1987</u>
Administrative - salaries	\$ 1,523,366	\$ 1,482,760
Administrative - general expenses	3,967,387	1,899,814
Payroll taxes and benefits	3,178,883	3,279,712
Insurance and liability claims	463,127	518,640
Provision of food costs	11,645	12,641
Depreciation - buildings/equipment	1,182,386	1,407,060
<b>TOTAL FISCAL AND ADMINISTRATIVE SERVICE EXPENSES</b>	<u>\$ 12,341,800</u>	<u>\$ 11,502,627</u>



# BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

*A. Broussard & Company*

209-311-0000

701 FIRST STREET

SLIDERS, LA 70661

244-230-311-0000

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON A FINANCIAL STATEMENT AUDIT  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
West Calcasieu-Cameron Hospital  
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT  
Bossier, Louisiana

We have audited the financial statements of West Calcasieu-Cameron Hospital, as of and for the year ended December 31, 1998, and have issued our report thereon dated April 24, 1999.

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 West Calcasieu-Cameron Hospital, is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of West Calcasieu-Cameron 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 indicate that, with respect to the items tested, West Calcasieu-Cameron Hospital complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that West Calcasieu-Cameron Hospital had not complied, in all material respects, with those provisions.

This report is intended for the information of the management of West Calcasieu-Cameron Hospital. However, this report is a matter of public record and its distribution is not limited.

*Raymond D & Co*

April 24, 1999

jjho

WEST CALCASIEU-CAMERON HOSPITAL  
Bogalusa, Louisiana

Notes to Financial Statements (Continued)  
December 31, 1988 and 1989

Note 7 - Composition of the Board of Directors

The members of the Board of Directors of West Calcasieu-Cameron Hospital serve without pay, and accordingly, received no compensation during 1988 and 1989.

Note 8 - Cash and Cash Equivalents

The hospital considers all short-term investments with an original maturity of three months or less to be cash equivalents. Periodic amounts shown are in limited.

Note 9 - Accrued Compensation

Accrued payroll for the years ended December 31, 1988 and 1989, paid in the subsequent year, totaled \$175,359 and \$268,801, respectively. Accrued compensation totaling \$127,881 and \$188,845 for the years ended December 31, 1988 and 1989, respectively, has also been accrued at the employees' present salary levels for vacation time earned, but unpaid as of the end of the year.

Note 10 - Leases

The hospital has entered into several lease agreements as follows for financing the acquisition of medical equipment and buildings. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets. The future minimum lease payments on the fair value of the assets or their assets are depreciated over the terms of these lease terms or their estimated productive lives, depending on the capital lease criteria met. The accumulated depreciation on such leased under capital lease obligations was \$755,821 at December 31, 1988 and \$821,881 at December 31, 1989. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 1989:

<u>Year Ending December 31,</u>	
1991	\$ 458,459
1992	382,329
1993	328,888
1994	82,188
	<u>1,251,864</u>
Total Minimum Lease Payments	
Less: Residual Representing Interest	188,188
Present Value of Future Minimum Lease Payments	<u>\$ 1,063,676</u>

The hospital leases part of the hospital facilities under an initial two year operating lease to a provider of long-term acute care services. The lessee, under the current lease agreement, is granted the option to renew the lease for three successive periods, terms of twenty-four months each, commencing immediately upon the expiration of the initial lease term, October, 1994. The lessee exercised its option to renew the lease for another two year period effective October, 1994. As December 31, 1989, future minimum lease receipts were as follows:

Cash Received  
25

**WEST CALCASIEU-CANNON HOSPITAL**  
 Sulphur, Louisiana

Notes to Financial Statements (Continued)  
 December 31, 1995 and 1994

**Note 10- Leases (Continued)**

**Lease Expense December 31,**  
 1995

\$ 180,840

**Note 12- Litigation**

Malpractice claims have been asserted against West Calcasieu-Cannon Hospital by various claimants. The claims are in various stages of processing, and some may ultimately be brought to trial. In the opinion of counsel, the outcome of these actions will not have a significant effect on the financial position or the results of operations of West Calcasieu-Cannon Hospital. Incidents occurring through December 31, 1995 may result in the assertion of additional claims. Other claims may be asserted arising from past services provided. Management is unable to estimate the ultimate cost, if any, of the resolution of such potential claims and, accordingly, no accrual has been made for them; however, management believes that these claims, if asserted, may result in a maximum out-of-pocket expense of approximately \$1,000 to \$100,000. Management believes all other asserted claims would be settled within the limits of insurance coverage.

**Note 13- Fund Balances**

Following is a composition of fund balances at December 31, 1995 and 1994:

	1995	1994
Reserved for bond retirement	\$0,000	\$0,000
Designated for self-insurance, construction, future expansion, fixed assets	2,889,508	7,407,170
Reserved-undesignated	14,120,524	20,400,542
	\$17,010,032	\$27,807,712

**Note 14- Retirement Commitments**

Full-time employees of the hospital are members of the Parochial Employees' Retirement System of Louisiana, a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Eligible employees of the hospital are members of Plan A.

Under Plan A, employees who retire at or after age 65 with at least 10 years of creditable service, or at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 1% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1990, the benefit is equal to 1% of final average salary plus \$14 for each year

Continued

WEST CALLEDINE-CRABBEH HOSPITAL  
BOLIVAR, LOUISIANA

Notes to Financial Statements (Continued)  
December 31, 1996 and 1995

Note 12- Retirement Commitments (Continued)

of supplemental-plan-only service earned prior to January 1, 1982. Final-average salary is the employee's average salary over the 36 consecutive or joint months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by State statute.

Contributions to the System include 1/4 of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan B and Plan S based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11803, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Data concerning the actuarial status of the System are not available for 1996.

The pension benefit obligation as of December 31, 1996 follows:

RETIREMENT SYSTEM	Plan B	Plan S
Net Assets	\$ 442,445,000	\$ 48,704,000
Pension benefit obligation	<u>270,882,500</u>	<u>1,27,510,475</u>
Unfunded Pension Benefit obligation	<u>\$131,666,500</u>	
Excess Assets		<u>\$ 10,893,525</u>

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, anticipated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among FRSOs and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employees.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 1996, comprehensive annual financial report. The district does not guarantee the benefits granted by the System.

Continued

WEST CALORNIANS-CHEMUN HOSPITAL  
Bossier, Louisiana

NOTES TO Financial Statements (Continued)  
December 31, 1994 and 1993

**Note 13- Retirement Commitments (Continued)**

Contributions to the system are made by both employees and the hospital as a percentage of salaries. The payroll for the hospital employees covered by the system for the year ended December 31, 1994 was \$13,283,683; the hospital's total payroll was \$18,771,898. Covered employees are required to contribute 0.50%. The hospital contributed \$946,618 (7.25% of covered payroll) to this system during the year as its share.

**Note 14- Cash, Cash Equivalents and Certificates of Deposit**

At December 31, 1994, the hospital had cash, cash equivalents and certificates of deposit (bank balances) totaling \$4,670,878. Of that balance, \$3,288,008 is included in Basset Woods One is Limited (NOTE 2).

These deposits are stated at cost, which approximates market, under state law. These deposits (or the resulting bank balances) must be secured by Federal Deposit Insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the Federal Deposit Insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1994, the hospital has \$4,288,878 in deposits (collected bank balances). These deposits are secured from risk by \$284,884 of Federal Deposit Insurance and \$4,943,434 of pledged securities held by the custodial bank in the name of the fiscal agent bank (B&B Outgroup 3).

Even though the pledged securities are considered uncollateralized (category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 97:1207 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the hospital that the fiscal agent has failed to pay deposited funds upon demand.

**Note 15- Construction in Progress**

The hospital has accepted a roofing contract for approximately \$28,000. The project is to be complete early in 1997.

**Note 16- Prior Year Balances**

Certain prior year amounts have been reclassified to conform with current year presentations.

**Note 17- Composition of Credit Risk**

The hospital is located in Bossier, Louisiana. The hospital grants credits without collateral to its patients; most of them are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers was as follows:

Continued  
25



## LIABILITIES AND FUND BALANCE

	<u>1996</u>	<u>1995</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 560,804	\$ 482,832
Accrued compensation	802,280	724,848
Accrued health insurance benefits	376,404	320,817
Accrued interest payable	21,278	22,213
Other accrued expenses	8,000	6,800
Refundable security deposit	27,128	27,128
Retainage payable	-	1,400
Current installments on bonds payable	1,000,000	1,000,000
Current installments on capital lease obligations	472,482	472,022
Deferred revenue	5,000	-
<b>Total Current Liabilities</b>	<u>3,243,366</u>	<u>3,038,242</u>
<b>LONG-TERM DEBT</b>		
Hospital revenue bonds payable	3,000,000	3,000,000
Capital lease obligations	282,221	284,280
<b>Total Long-Term Debt</b>	<u>3,282,221</u>	<u>3,284,280</u>
<b>Total liabilities</b>	<u>6,525,587</u>	<u>6,322,522</u>
<b>FUND BALANCE</b>	<u>27,182,222</u>	<u>26,182,222</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <u>342,767,809</u>	 <u>342,504,744</u>

T A B L E   O F   C O N T E N T S

	<u>Page</u>
Independent Auditor's Report on the Financial Statements	i
EXHIBIT A - Balance Sheets	2 - 3
EXHIBIT B - Statements of Revenue and Expenses	4
EXHIBIT C - Statements of Changes in Fund Balance	5
EXHIBIT D - Statements of Cash Flows	6 - 7
Notes to Financial Statements	8 - 15
Supplementary Information	17
Independent Auditor's Report on Supplementary Information	18
Schedule B-1 - Schedule of Varying Revenues	19
Schedule B-2 - Schedule of Other Professional Service Revenues	20 - 22
Schedule B-3 - Schedule of Varying Expenses	23
Schedule B-4 - Schedule of Other Professional Service Expenses	24
Schedule B-5 - Schedule of General Service Expenses	24
Schedule B-6 - Schedule of Fiscal and Administrative Service Expenses	25
Independent Auditor's Report on Internal Control Structure Based on a Financial Statement Audit Performed in Accordance With Government Auditing Standards	26 - 27
Independent Auditor's Report on Compliance Based on a Financial Statement Audit Performed in Accordance With Government Auditing Standards	28



# BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

*A. Broussard & Company*

THE SQUARE  
P.O. BOX 107-034

WATFORD AVENUE

MOBILE, ALA. 36682

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
West Calcasieu-Cameron Hospital  
Calcasieu-Cameron Hospital Service District  
Bajoune, Louisiana

We have audited the accompanying balance sheets of West Calcasieu-Cameron Hospital as of December 31, 1996 and 1995, and the related statements of revenue and expenses, 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 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, the financial statements referred to above present fairly, in all material respects, the financial position of the West Calcasieu-Cameron Hospital as of December 31, 1996 and 1995, and the results of its operations 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 a report dated April 24, 1997, on our consideration of West Calcasieu-Cameron Hospital's internal control structure and a report dated April 24, 1997, on its compliance with laws and regulations.

April 24, 1997  
JMS

WEST CALCADINO-CARRON HOSPITAL  
 Raleigh, Louisiana

Balance Sheets  
 December 31,

ASSETS

	1976	1975
<b>CURRENT ASSETS</b>		
Cash and Cash equivalents	\$ 794,728	\$ 1,166,278
Assets whose use is limited - required for current liabilities	111,953	126,300
Certificates of deposit	98,188	98,188
Accounts receivable from patients	9,848,325	10,004,972
Loan allowance for uncollectible accounts	(1,762,248)	(2,046,282)
Due from Medicare and Medicaid - cost report	950,422	66,713
Interest receivable	108,217	64,248
Inventories	498,328	611,144
Prepaid expenses	118,482	122,888
Grant reimbursement receivable	-	202,498
Other assets	7,182	-
<b>Total Current Assets</b>	<b>10,288,022</b>	<b>12,401,229</b>
<b>ASSETS WHOSE USE IS LIMITED</b>		
By bond indenture	1,800,000	1,800,000
By bond for self-insurance	712,982	1,400,508
By bond for capital improvements	1,008,482	8,081,791
By bond for cash required for operations	4,418,188	4,700,000
By bond for deferred compensation	64,848	68,488
DEFICIENCY OF DEPOSIT HELD IN trust by State Treasurer	128,000	128,000
<b>Restricted Assets Whose Use is Limited</b>	<b>13,532,100</b>	<b>22,980,687</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Construction-in-progress	466,456	304,441
Buildings and improvements	22,422,187	21,708,888
Equipment	12,128,824	12,128,824
Less allowance for depreciation	(16,128,283)	(14,868,990)
<b>Land and Improvements</b>	<b>6,087,152</b>	<b>6,087,152</b>
<b>Net Property, Plant and Equipment</b>	<b>22,955,312</b>	<b>21,955,312</b>
<b>OTHER ASSETS</b>		
Cost of Bonds Issued (net of amortization totaling \$4,188 and \$12,480)	71,258	83,842
<b>Total Other Assets</b>	<b>71,258</b>	<b>83,842</b>
<b>Total Assets</b>	<b>445,586,322</b>	<b>418,043,861</b>

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

WEST CALCASIEU-COCHON HOSPITAL  
Bajoué, Louisiana

EXHIBIT B

Statements of Revenue and Expenses  
Years Ended December 31.

	<u>1998</u>	<u>1999</u>
NET PRIENT SERVICE REVENUE	202,915,496	200,318,770
OTHER REVENUE (EXPENSES):		
Cafeteria and vending machines	218,536	249,143
Rented room and miscellaneous	(28,737)	(81,888)
TOTAL Other Revenue (Expenses)	<u>189,800</u>	<u>167,255</u>
TOTAL REVENUE	<u>203,105,296</u>	<u>200,486,025</u>
OPERATING EXPENSES:		
Nursing expenses (Schedule B-3)	9,913,937	9,482,394
Other professional services expenses (Schedule B-4)	11,768,728	11,265,767
General services expenses (Schedule B-5)	2,528,992	2,418,200
Medical and administrative services expenses (Schedule B-6)	1,942,988	7,602,028
Provision for bad accounts (net of recoveries)	1,024,254	1,685,945
Interest expense on bonds	213,783	388,818
Interest expense on leases	(22,632)	(80,842)
TOTAL operating Expenses	<u>27,393,439</u>	<u>33,052,034</u>
INCOME (LOSS) FROM OPERATIONS	( 218,143)	(2,415,211)
NON-OPERATING REVENUE AND (EXPENSES):		
Sale of SCRP	-	5,268
Rend income	212,288	238,708
Interest income	817,150	1,226,872
(Gain) on disposal of equipment	( 452)	-
Gain (Loss) on sale of investments	-	( 47,788)
Grant awards	-	810,324
Miscellaneous	4,120	13,544
TOTAL Non-Operating Revenue and (Expenses)	<u>1,142,786</u>	<u>1,968,924</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>1,924,643</u>	<u>(2,451,287)</u>

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

**EMORY COLLEGE-EMERSON HOSPITAL**  
**Memphis, Louisiana**

Notes to Financial Statements (Continued)  
 December 31, 1994 and 1995

**Note 3 - Hospital Revenue Bonds Payable**

\$20,000,000 Calcasieu-Emerson Hospital Service District Hospital Revenue Bonds, 1993 Series, due by semi-annual installments of \$214,000 to \$200,000 through December 1, 2001; interest at 8.00%

1,5,800,000

The annual installments to amortize all debt outstanding as of December 31, 1994 are as follows:

	Principal	Interest	Total
1997	1,000,000	120,000	1,120,000
1998	1,000,000	120,000	1,120,000
1999	1,000,000	120,000	1,120,000
2000	1,000,000	118,000	1,118,000
2001	1,000,000	90,000	1,090,000
2002	1,000,000	60,000	1,060,000
	5,000,000	1,608,000	6,608,000

**Note 4 - Compliance with Bond Resolution**

All reserve, contingency, and debt service funds as required by the revenue bond issues of December 1, 1992 have been established and properly maintained.

**Note 5 - Hospital Insurance**

Effective April 1, 1995, the hospital became a member of the Louisiana District's Corporation FRO of the Louisiana Reinsurance Guarantee Company for the purpose of obtaining reinsurance insurance. The hospital has placed \$100,000 on deposit under the custody of the Louisiana State Treasurer. All participating hospitals share proportionately in the expense of the fund.

**Note 6 - Contingencies**

The hospital is self-insured for employee medical benefits. Under this arrangement, the employees contribute a portion of the cost with the hospital paying the difference to the Louisiana Hospital Association Employee Health Trust. A portion of the monthly contributions is used to purchase a reinsurance program that covers individual claims exceeding \$75,000. The hospital's reserve balance in the trust is a balance of \$8,898 at December 31, 1995 and an overdraft of \$18,181 at December 31, 1994.

Effective the 1st payroll in 1995, the hospital amended its sick leave policy to allow for an adjustment to the maximum hours of sick leave available for carryforward purposes. Additionally, sick leave will no longer be a vested benefit and will no longer be payable in cash upon retirement for employees meeting the prior vesting criteria.

The hospital is a guarantor for patient's receivables that have been financed through a local bank. The outstanding balance of these loans at December 31, 1994 was \$182,321.

Continued

11

WEST CALORNIUM-CAMERON HOSPITAL  
Delmon, Louisiana

EXHIBIT C

Statements of Changes in Fund Balances  
Years Ended December 31,

	<u>1996</u>	<u>1995</u>
FUND BALANCE - January 1,	\$35,351,144	\$36,644,440
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>1,921,018</u>	<u>1,461,796</u>
FUND BALANCE - December 31,	<u>\$37,272,162</u>	<u>\$38,106,236</u>

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

3

WEST CALCASIEU-CADDOCH HOSPITAL  
Bulthou, Louisiana

EXHIBIT B

Statement of Cash Flows  
December 31,

	<u>1954</u>	<u>1953</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$1,318,880	\$62,816,322
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization	1,744,601	1,458,785
Provision for losses on accounts receivable, net	( 202,729)	( 208,029)
Interest expense	371,888	684,777
Decrease (Increase) in receivables	( 784,125)	305,999
Decrease (Increase) in grant receivables	288,488	( 202,488)
(Increase) decrease in inventory	112,816	18,388
(Increase) decrease in prepaid expenses	12,488	( 12,942)
Increase (Decrease) in accounts payable and other accrued expenses	122,477	(1,212,324)
Total Adjustments	<u>1,182,881</u>	<u>312,166</u>
Net Cash (Used) Provided by Operating Activities	<u>2,487,261</u>	<u>62,004,056</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase) sale of assets whose use is limited, net	200,000	8,621,870
Proceeds from sale of equipment, equip. and land	-	5,360
Proceeds from sale of building	-	182,800
Interest income	827,188	3,228,872
Net Income	<u>311,268</u>	<u>12,038,902</u>
Net Cash Provided by Investing Activities	<u>1,487,852</u>	<u>18,871,822</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments for capital expenditures	(1,714,962)	(7,174,494)
Principal payments on bonds	(1,808,000)	(2,089,800)
Principal payments under capital lease obligations	( 208,964)	( 435,324)
Interest paid	( 273,922)	( 483,156)
Grant awards	-	825,328
Other	3,281	28,182
Net Cash (Used) by Capital and Related Financing Activities	<u>(3,298,167)</u>	<u>(8,929,864)</u>
Net Increase in Cash	( 312,484)	208,128
Cash and Cash Equivalents at Beginning of Year	<u>3,186,378</u>	<u>287,642</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,873,894</u>	<u>\$ 495,770</u>

Continued

8



WEST CALORNEY-CARRON HOSPITAL  
FALGON, LOUISIANA

Statements of Cash Flow (continued)  
December 31,

Supplemental Disclosures:

Cash paid for interest (net of amount capitalized) in 1996 and 1997 was \$573,412 and \$498,186, respectively.

The accompanying notes are an integral part of these financial statements. 7

WEST CALCASIEU-CADDOUS HOSPITAL  
Bossier, Louisiana

Notes to Financial Statements  
December 31, 1978 and 1979

NOTE 1 - Organization and Summary of Significant Accounting Policies

The West Calcasieu-Cadous Hospital is owned and operated by the Calcasieu-Cadous Hospital Service District. The Hospital provides inpatient, outpatient and emergency care services for residents of Southwest Louisiana. It is operated as a nonprofit corporation organized by the Calcasieu and Cadeau Parish Police Juries under the provision of Chapter 10 of Title 48 of the Louisiana revised statutes of 1950. The governing authority of the Hospital Service District is a Board of Commissioners appointed to office by the Calcasieu and Cadeau Parish Police Juries.

GAAP No. 18 requires that governmental proprietary activities apply all applicable GAAP provisions, as well as the following provisions issued on or before November 30, 1989, unless those provisions conflict with or contradict GAAP provisions: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1988, except for those that conflict with or contradict GAAP provisions. The Hospital has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

**Branches/Units** - As more fully described in the paragraph above, the Hospital Service District is a component unit of the Calcasieu and Cadeau Parish Police Juries.

**Estimates** - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Net Patient Service Revenue** - Net patient service revenue is reported at the estimated but 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 as an estimated liability in the period the related services are rendered and adjusted in future periods as final settlements are determined.

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

**Medicare** - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain outpatient services, and skilled nursing and medical

Continued

8

WEST CALCASIEU-CHENON HOSPITAL  
Bossier, Louisiana

Notes to Financial Statements (Continued)  
December 31, 1998 and 1997

**Note 1 - Description and Summary of Significant Accounting Policies (Continued)**

education needs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The hospital is reimbursed for cost reimbursement items at a tentative rate with final settlements determined after submission of annual cost reports by the hospital and audit thereof by the Medicare fiscal intermediary. The hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the hospital.

**Medicaid** - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The hospital is reimbursed at a tentative rate with final settlements determined after submission of annual cost reports by the hospital and audit thereof by the Medicaid fiscal intermediary.

**Property, Plant, and Equipment** - Property, plant, and equipment of the hospital is recorded at cost. Depreciation is recorded using the straight-line method in amounts sufficient to amortize the cost of its assets over their estimated useful lives. Depreciation amounted to \$1,752,866 and \$2,487,848 for the years ended December 31, 1998 and 1997, respectively.

The estimated useful lives of the various assets follow guidelines established by the American Hospital Association, and are categorized as follows:

	Life
Hospital equipment	4 - 25 years
Buildings and improvements	5 - 50 years
Parking lots	15 - 20 years
Land improvements	15 - 20 years

The costs of maintenance and repairs of property and equipment are charged to expense as incurred. Expenditures for additions, improvements and replacements are capitalized. The cost and related accumulated depreciation of property and equipment retired are removed from the accounts and any resulting gain or loss is recognized.

**Inventory** - Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist primarily of medical products and medicines.

**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.

**Amortization of Debt Insurance Costs** - Debt insurance costs are deferred and amortized using the straight-line method over the term of the related debt.

Continued  
2

WEST COLONIA MEMORIAL HOSPITAL  
Bossier, Louisiana

Notes to Financial Statements (continued)  
December 31, 1986 and 1985

Note 1 - Capitalization and Summary of Significant Accounting Policies (continued)

Capitalization of Interest - FAS-96 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FAS-96 capitalization of interest cost in situations involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that nonexempt assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisition of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing. Net interest costs capitalized totaled \$81,548 and \$81,389 during 1986 and 1985, respectively.

Note 2 - Assets Whose Use is Limited

Assets whose use is limited include investments set aside by the Board for capital improvements, self-insurance, required liquidity for operations and other liabilities. Also, included are assets held by trustees under bond indenture agreements and mortgage insurance arrangements.

Assets whose use is limited are categorized into three categories of credit risk:

(1) Issued or registered, or securities held by the hospital or its agent in the hospital's name.

(2) Unissued and unregistered, with securities held by the counter party's trust department or agent in the hospital's name.

(3) Unissued and unregistered, with securities held by the counter party, or by its trust department or agent but not in the hospital's name.

At year end, the hospital's composition of assets whose use is limited were as follows:

	December 31, 1986	December 31, 1985	December 31, 1984	Carrying Amount	Market Value
Cash	\$ -	\$ -	\$ 111,480	\$ 111,480	\$ 111,480
Certificates of deposit	188,843	-	1,904,046	1,904,046	1,886,449
U.S. Treasury obligations	-	1,129,429	-	1,129,429	1,121,780
Commercial mortgages	-	1,810,243	-	1,810,243	1,508,124
Total	\$ 188,843	\$ 3,749,672	\$ 2,015,526	\$ 4,955,198	\$ 4,628,833
Investments not subject to recapitalization				1,471,824	1,471,824
Assets Whose Use is Limited				\$ 6,427,022	\$ 6,100,657

Continued  
18

1552

RECEIVED  
1967 JUN 20 11 51 AM '67  
97 JUN -3 11 51 AM

**PERSONAL  
FILE COPY**  
**DO NOT SIGN OUT**  
Please promptly  
return form and  
copy and PLACE  
INITIALS IN FILE

**WEST CALCASIEU-CAMERON HOSPITAL**  
Calcasieu-Cameron  
Hospital Service District  
Sulphur, Louisiana

**Financial Statements**  
December 31, 1966 and 1965

Under provisions of state law, this report is a public document. A copy of the report has been as 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 JUN 27 1967