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WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
SULPHUR, LOUISIANA

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

Financial Statements
December 31, 1997 and 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: JUN 24 1998

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BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of West Calcasieu-Cameron Hospital as of December 31, 1997 and 1998, 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, 1997 and 1998, 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 June 2, 1998, on our consideration of West Calcasieu-Cameron Hospital's internal control structure and a report dated June 2, 1998, on its compliance with laws and regulations.

Broussard & Company

June 2, 1998
/s/ABC

SULPHUR OFFICE

704 First Avenue, Sulphur, LA, 70683
Ph: (337) 527-5818 Fax: (337) 527-8014

LAKE CHARLES OFFICE

1 Lakeside Drive, Ste. 100, Lake Charles, LA, 70602
Ph: (337) 438-6600 Facsimile: (337) 438-6607

WEST CALCASIEU-ORMOND HOSPITAL
Bajoué, Louisiana

Balance Sheets
December 31,

	1987	1986
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,977,147	\$ 794,738
Assets whose use is limited - expensed for current liabilities	168,667	111,333
Certificates of deposit	99,148	99,148
Accounts receivable from patients less allowance for uncollectible accounts	8,743,247	9,848,222
Due from Medicare and Medicaid - cash deposit	11,404,760	11,762,948
Interest receivable	494,304	880,622
Investments	158,303	158,317
Prepaid expenses	538,482	488,328
Other assets	71,851	112,420
Total Current Assets	16,798,809	16,798,809
ASSETS WHOSE USE IS LIMITED		
By local authorities	-	2,000,000
By board for self-insurance	441,653	791,980
By board for capital improvements	34,444	2,008,480
By board for cash required for operations	11,882,860	9,429,194
By board for deferred compensation	54,288	84,240
Certificates of deposit held in trust by State Treasurer	123,682	123,682
Restricted Assets Whose Use is Limited	12,536,927	12,536,927
PROPERTY, PLANT AND EQUIPMENT		
Construction-in-progress	508,128	406,514
Buildings and improvements	28,782,888	27,412,187
Equipment	14,548,615	15,134,814
Less allowance for depreciation	(17,898,284)	(16,578,282)
Land and improvements	2,828,678	2,587,757
Net Property, Plant and Equipment	18,669,944	19,963,992
OTHER ASSETS		
Cost of bonds issued (net of amortization totaling \$86,300 and \$44,458)	80,253	71,300
Total Other Assets	80,253	71,300
TOTAL ASSETS	\$ 38,068,913	\$ 45,068,922

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

LIABILITIES AND FUND BALANCE

	<u>1997</u>	<u>1998</u>
CURRENT LIABILITIES		
Accounts payable	\$ 718,818	\$ 590,890
Accrued compensation and retirement	1,422,873	882,282
Accrued health insurance benefits	178,504	175,484
Accrued interest payable	26,503	31,370
Other accrued expenses	11,827	8,088
Refundable security deposit	-	27,128
Current installments of bonds payable	1,000,000	1,000,000
Current installments of capital lease obligations	638,457	673,413
Deferred revenues	28,282	8,808
Total Current Liabilities	<u>4,532,761</u>	<u>3,727,883</u>
LONG-TERM DEBT		
Special revenue bonds payable	4,890,000	8,000,000
Capital lease obligations	218,243	122,781
Total Long-Term Debt	<u>5,108,243</u>	<u>8,122,781</u>
Total liabilities	<u>9,641,004</u>	<u>11,850,664</u>
FUND BALANCE	<u>17,683,458</u>	<u>17,108,838</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>11,824,462</u>	<u>11,959,502</u>

WEST CALIFORNIA-CAMDEN HOSPITAL
 Walnut, California

Statements of Revenue and Expenses
 Years Ended December 31.

	<u>1987</u>	<u>1986</u>
NET PATIENT SERVICE REVENUE	\$28,289,483	\$28,375,496
OTHER REVENUE (EXPENSES)		
Cafeteria and vending machines	226,295	258,938
Record room and miscellaneous	<u>31,808</u>	<u>35,752</u>
Total Other Revenue (Expenses)	258,103	294,690
TOTAL REVENUE	<u>28,547,586</u>	<u>28,670,186</u>
OPERATING EXPENSES		
Nursing expenses (Schedule B-3)	8,084,280	8,013,817
Other professional service expenses (Schedule B-4)	13,043,997	11,788,726
General service expenses (Schedule B-5)	3,492,928	3,430,890
Fiscal and administrative service expenses (Schedule B-6)	6,987,215	7,841,988
Provision for bad accounts (net of recoveries)	2,473,876	1,820,884
Interest expense on bonds	281,817	351,793
Interest expense on leases	<u>70,312</u>	<u>38,828</u>
Total Operating Expenses	<u>24,433,871</u>	<u>23,458,436</u>
INCOME (LOSS) FROM OPERATIONS	4,113,715	5,211,750
NON-OPERATING REVENUE AND (EXPENSES)		
Rent income	338,128	513,288
Interest income	883,081	827,158
Gain (loss) on sale of investments	1,37,669	-
Miscellaneous	<u>33,622</u>	<u>4,317</u>
Total Non-Operating Revenue and (Expenses)	<u>1,472,478</u>	<u>1,344,763</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 2,641,243</u>	<u>\$ 3,866,987</u>

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

WEST COLONISEN-CAMERON HOSPITAL
 Sulphur, Louisiana

Statements of Changes in Fund Balance
 Years Ended December 31,

	<u>1993</u>	<u>1996</u>
FUND BALANCE - January 1,	\$77,106,222	\$96,383,146
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>347,316</u>	<u>323,076</u>
FUND BALANCE - December 31,	\$77,453,538	\$96,706,222

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

WEST CALIFORNIA-CANON HOSPITAL
SACRAMENTO, CALIFORNIA

EXHIBIT D

STATEMENTS OF CASH FLOW
December 31,

	1997	1996
CASH FLOW FROM OPERATING ACTIVITIES		
Operating income (loss)	\$1,624,241	\$1,212,880
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization	1,795,428	1,764,891
Provision for losses on accounts receivable, net	(287,848)	(283,198)
Interest expense	320,816	371,685
Decrease (increase) in receivables	1,488,313	(785,135)
Decrease (increase) in grant receivables	-	382,488
(Increase) decrease in inventory	(38,184)	132,828
(Increase) decrease in prepaid expenses	58,209	13,468
Increase (decrease) in accounts payable and other accrued expenses	780,103	832,477
Total Adjustments	<u>4,816,735</u>	<u>4,797,284</u>
Net Cash (Used) Provided by Operating Activities	<u>6,440,976</u>	<u>5,487,164</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchased sale of assets whose use is limited, net	820,883	308,083
Interest income	880,893	827,128
Rent income	<u>188,220</u>	<u>323,388</u>
Net Cash Provided by Investing Activities	<u>2,889,996</u>	<u>2,447,899</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital expenditures	(2,886,376)	(2,314,962)
Principal payment on bonds	(5,089,890)	(5,008,008)
Principal payments under capital lease obligations	(428,610)	(608,964)
Interest paid	(347,383)	(377,412)
Other	<u>1,433</u>	<u>1,823</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(8,238,426)</u>	<u>(8,297,523)</u>
Net Increase in Cash	1,092,427	(162,860)
Cash and Cash Equivalents at Beginning of Year	<u>708,738</u>	<u>1,056,172</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,801,165</u>	<u>\$ 893,312</u>

Continued
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WEST CALCASIEU-CORRISON HOSPITAL
Opcher, Louisiana

STATEMENTS OF Debt Fines (Continued)
December 31.

Supplemental Disclosure:

Cash paid for interest (net of amount capitalized) in 1987 and 1988 was \$327,680 and \$373,618, respectively.

WEST CALCASIEU-CAMERON HOSPITAL
Folkeur, Louisiana

Notes to Financial Statements
December 31, 1987 and 1986

Note 1 - Description and Summary of Significant Accounting Policies

The West Calcasieu-Cameron Hospital is owned and operated by the Calcasieu-Cameron 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 Cameron Parish Police Juries under the provisions of Chapter 10 of Title 46 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 Cameron Parish Police Juries.

GASB No. 34 requires that governments' proprietary activities apply all applicable GAAP pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: 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, 1989, except for those that conflict with or contradict GASB pronouncements. The hospital has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

Reporting Entity - As more fully described in the paragraph above, the Hospital Service District is a component unit of the Calcasieu and Cameron Parish Police Juries. Also, the following entities are considered component units of the Hospital: The West Calcasieu-Cameron Hospital Corporation, the West Calcasieu-Cameron Hospital Service Corporation, and BORGACAL, Inc. However, due to the insignificant amount of activity in these entities, they were not included in the Hospital's financial statements.

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 net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. 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.

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.

Continued

WEST CALCASIEU-CAMERON HOSPITAL
Opal, Louisiana

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

Note 1 - Description and Summary of Significant Accounting Policies (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 ambulatory 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.

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 settlement determined after submission of annual cost reports by the hospital and audits 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 \$1,761,948 and \$3,752,188 for the years ended December 31, 1997 and 1998, respectively.

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

	<u>Life</u>
Hospital equipment	4 - 25 years
Buildings and improvements	5 - 50 years
Leasing fees	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 retained 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.

WEST CALCAHON-CARSON HOSPITAL
Slidell, Louisiana

Notes to Financial Statements (Continued)
December 31, 1997 and 1996

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

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

Capitalization of Interest - FAS-36 (Capitalization of Interest Cost) requires that interest expenditures incurred during construction of assets be capitalized. FAS-82 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) mandates that restricted 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 \$88,804 and \$61,948 during 1997 and 1996, 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 reinsurance insurance arrangements.

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

- (1) Insured or registered, or securities held by the hospital or via agent in the hospital's name.
- (2) Uninsured and unregistered, with securities held by the counter party's trust department or agent in the hospital's name.
- (3) Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the hospital's name.

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

	Category 1	Category 2	Category 3	Carrying Amount	Market Value
	\$	\$	\$	\$	\$
Cash	-	-	104,793	104,793	104,793
Classification of deposit	174,268	-	25,900	179,268	179,268
U. S. Treasury obligations	-	8,827,496	-	8,827,496	8,827,496
Government mortgage	-	181,378	-	181,378	181,378
Total	<u>174,268</u>	<u>8,827,496</u>	<u>130,693</u>	<u>9,327,533</u>	<u>9,494,973</u>
Investments not subject to categorization:					
Mutual funds				2,216,980	2,216,980
Total Assets Whose Use is Limited				<u>11,544,513</u>	<u>11,711,953</u>

Cash Insured

WEST CALCAHIEB-CAMERON HOSPITAL
Slipbar, Louisiana

Notes to Financial Statements (Continued)
 December 31, 1987 and 1986

Note 3 - Payable Revenue Bonds Payable

112,000,000 Calcahieb-Cameron Hospital Service District Hospital Revenue Bonds, 1982 Series. Due in semi-annual installments of \$64,000 to \$788,000 through December 1, 1991. Interest at 8.00%

\$ 1,000,000

The annual installments to amortize all debt outstanding as of December 31, 1987 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1988	\$ 1,000,000	\$ 200,000	\$ 1,200,000
1989	1,000,000	310,000	1,310,000
1990	1,000,000	184,000	1,184,000
1991	1,000,000	98,000	1,098,000
1992	1,000,000	40,000	1,040,000
	<u>\$ 4,000,000</u>	<u>\$ 772,000</u>	<u>\$ 4,772,000</u>

Note 4 - Compliance with Bond Resolution

All reserves, contingency, and debt service funds as required by the general bond issue of December 1, 1982 have been established and properly maintained.

Note 5 - Medical Insurance

Effective April 1, 1976, the hospital became a member of the Louisiana Patients' Compensation Fund of the Louisiana Malpractice Insurance Company for the purpose of obtaining malpractice insurance. The hospital has placed \$570,000 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 employee benefit trust. A portion of the monthly contributions is used to purchase a re-insurance contract that covers individual claims exceeding \$70,000.

Effective the last payroll in 1985, 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 lump sum 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 as December 31, 1987 was \$468,940.

Continued

WEST CALCAHUIS-CAMERON HOSPITAL
Sulphur, Louisiana

Notes to Financial Statements (Continued)
December 31, 1997 and 1996

Note 7 - Compensation of the Board of Directors

The members of the Board of Directors of West Calcahuis-Cameron Hospital serve without pay, and accordingly, received no compensation during 1997 and 1996.

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, excluding amounts whose use is limited.

Note 9 - Accrued Compensation

Accrued payroll for the years ended December 31, 1997 and 1996, paid in the subsequent year, totaled \$781,864 and \$678,188, respectively. Accrued compensation totaling \$86,798 and \$127,360 for the years ended December 31, 1997 and 1996, respectively, has also been accrued at the employee's 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 lessee 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 assets are depreciated over the lesser of their lease terms or their estimated productive lives, depending on the capital lease criteria met. The accumulated depreciation on such leases under capital lease obligations was \$708,259 at December 31, 1997 and \$736,821 at December 31, 1996. 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, 1997:

Year Ending December 31,

1998	\$ 377,487
1999	728,937
2000	960,433
2001	142,348
2002	228,588
Total Minimum Lease Payments	2,438,793
Less: Amount Representing Interest	1,468,718
Present Value of Future Minimum Lease Payments	\$ 970,075

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 renewal terms of twenty-four months each, commencing immediately upon the expiration of the initial lease term, October, 1998. The lessee exercised its option

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WEST CALOISIA-CAMEROON HOSPITAL
Bossier, Louisiana

Notes to Financial Statements (Continued)
December 31, 1997 and 1996

Note 10- Leases (Continued)

to renew the lease for another ten year period effective October, 1999. At December 31, 1997, future minimum lease receipts were as follows:

Year ending December 31,

1997

\$ 178,800

Note 11- Liabilities

Liability claims have been asserted against West Caloisia-Cameroon 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 Caloisia-Cameroon Hospital. Incidents occurring through December 31, 1997 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 amount has been made for them; however, management believes that those claims, if asserted, may result in a maximum out-of-pocket expense of approximately \$575,000 to \$675,000. Management believes all other asserted claims would be settled within the limits of insurance coverage.

Note 12- Fund Balance

Following is a composition of fund balance at December 31, 1997 and 1996:

	1997	1996
Reserved for bond retirement designated for self-insurance, construction, future expansion, fixed assets, deferred compensation	\$40,500	2,900,000
Unreserved undesignated	\$7,471,400	24,188,001
	<u>\$7,911,900</u>	<u>\$27,088,001</u>

Note 13- Retirement Commitments

Full-time employees of the Hospital are members of the Parochial Employees' Retirement System of Louisiana, a multi-employer (cost-sharing), defined employee retirement system (ERS), 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 60 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 2% of their final-average salary for each

Continued

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WEST CALCATRINE-CARSON HOSPITAL
Bogalusa, Louisiana

Notes to Financial Statements (Continued)
December 31, 1987 and 1986

Note 13- Retirement Commitments (Continued)

year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit in cases of 18 or final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final average salary is the employee's average salary over the 18 consecutive or jointed 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 by 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 A and Plan B 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 11:129, 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 1987.

The pension benefit obligation as of December 31, 1986 follows:

RETIREMENT SYSTEM	Plan A	Plan B
Net Assets	\$ 701,904,019	\$ 24,272,481
Pension Benefit Obligation	<u>\$(112,248,028)</u>	<u>\$(42,683,028)</u>
Unfunded Pension Benefit Obligation	<u>\$(414,188,211)</u>	
Excess Assets		<u>\$ 13,989,453</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, estimated to be payable in the future as a result of employee services 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 plans and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers.

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, 1986, Comprehensive Annual Financial Report. The district does not guarantee the benefits granted by the System.

Continued

WEST CALORNEI-DeWEESE HOSPITAL
Natchitoches, Louisiana

Notes to Financial Statements (Continued)
December 31, 1997 and 1996

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, 1997 was \$23,376,791; the hospital's total payroll was \$18,886,884. Covered employees are required to contribute 3.5%. The hospital contributed \$3,043,612 (7.7% of covered payroll) to this system during the year as its share.

Note 14 - U.S. Debt Securities and Certificates of Deposit

As December 31, 1997, the hospital had cash, cash equivalents and certificates of deposit (bank balances) totaling \$2,161,488. Of that balance, \$284,041 is included in Assets whose use is limited (Note 2).

These deposits are stated at cost, which approximates market. Under state law, these deposits for 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 which is usually acceptable to both parties. As December 31, 1997, the hospital had \$779,941 in deposits (collected bank balances). These deposits are removed from risk by \$48,987 of Federal deposit insurance and \$108,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAAP Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GAAP Statement 3, Louisiana Revised Statute 35:1229 imposes a statutory requirement on the custodial bank to advertise and post the pledged securities within 10 days of being notified by the hospital that the fiscal agent has failed to pay deposited funds upon demand.

As noted in "Schedule of Findings", 87-2, the Hospital had deposits with a financial institution in excess of Federal deposit insurance and pledged securities by \$188,174.

Note 15 - Unallocated Bonds

In January 1998, the Board approved two bond issues. One issue, \$5,088,000 Hospital Revenue Refunding Bonds, 1998, is for paying off the outstanding revenue bonds to achieve a lower interest rate. The second issue, \$5,800,000 Hospital Revenue Bonds, 1998 Series B, is for the construction of an emergency room and other improvements to the hospital.

Note 16 - Errors and Balances

Certain prior year accounts have been reclassified to conform with current year presentation.

WEST CALCASIEUS GENERAL HOSPITAL
Slidre, Louisiana

Notes to Financial Statements (Continued)
December 31, 1997 and 1996

Note 17- Concentrations of Credit Risk

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

	<u>1997</u>	<u>1996</u>
Medicare	28%	28%
Medicaid	11	11
Other	61	61
	<u>100%</u>	<u>100%</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 Paratotal Employees' Retirement System of Louisiana. Currently, no retirees meet these eligibility requirements. Expenditures for post-retirement health care benefits are recognized as a 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 1997 and 1996 was not maintained.

Note 19- Charity Care

The amount of charges forgone for services and supplies furnished under the hospital's charity care policy aggregated approximately \$284,487 and \$248,373 in 1997 and 1996, respectively.

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



BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

Our report on our audits of the basic financial statements of West Calcasieu-Cameron Hospital as of December 31, 1997 and 1998, and for the years then ended appears on Page 1. 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.

Broussard & Company

June 2, 1998
/s/BAW

NEW ORLEANS OFFICE

704 First Avenue, Suite 1111, New Orleans, LA 70002
Ph: (504) 527-8810 Facsimile: (504) 527-8814

LAKE CHARLES OFFICE

1 Lakeshore Drive, Ste. 120, Lake Charles, LA 70601
Ph: (337) 438-8888 Facsimile: (337) 438-8887

WEST CALCASIEU-CAMERON HOSPITAL
 Sulphur, Louisiana

Schedule B-1

Schedule of Nursing Revenues
 Years Ended December 31,

	<u>1992</u>	<u>1991</u>
REGULAR PATIENTS		
Revenue from daily patient services		
Medical and surgical	\$ 1,900,383	\$ 889,886
Intensive care	213,887	181,870
Nursery	218,483	175,484
Operating rooms	1,618,335	2,421,289
Delivery and labor rooms	888,937	858,363
Recovery rooms	889,639	558,756
Central services and supply	1,148,884	1,081,453
Emergency room service	523,503	458,181
Total Regular Patients	<u>4,942,802</u>	<u>4,585,483</u>
MEDICARE PATIENTS		
Revenue from daily patient services		
Medical and surgical	2,178,778	1,885,325
Intensive care	882,788	778,488
Operations rooms	1,403,242	2,148,805
Recovery rooms	433,779	428,038
Central services and supply	1,888,244	2,388,824
Emergency room service	208,383	188,434
Total Medicare Patients	<u>6,975,214</u>	<u>7,883,737</u>
MEDICAID PATIENTS		
Revenue from daily patient services		
Medical and surgical	328,953	224,487
Intensive care	43,828	38,420
Nursery	178,377	188,482
Operating rooms	284,833	378,382
Delivery and labor rooms	1,891,369	878,887
Recovery rooms	78,808	77,324
Central services and supply	882,298	187,488
Emergency room service	88,338	128,531
Total Medicaid Patients	<u>3,676,304</u>	<u>2,878,831</u>
TOTAL NURSING REVENUES	<u>15,194,320</u>	<u>12,348,051</u>

WEST CALIFORNIA-CAMDEN HOSPITAL
Salinas, California

SCHEDULE OF OTHER PROFESSIONAL SERVICE REVENUES
Years Ended December 31,

	<u>1997</u>	<u>1996</u>
REGULAR PATIENTS		
Anesthesiology	\$ 218,243	\$ 201,317
Radiology	2,808,534	2,122,488
Laboratory	1,871,804	1,648,188
Cardiology, MD, MD	484,625	384,382
Physical therapy	873,281	1,114,678
Outpatient	54,124	47,878
Nuclear medicine	383,488	199,368
Pharmacy	2,824,860	2,708,188
Oxygen and inhalation therapy	1,220,281	1,374,564
Emergency - long-term care	183,888	247,844
AMBULANCE SERVICE	623,445	480,820
Emergency room physicians - professional fees	762,018	888,812
Occupational therapy	418,025	387,884
Home health care	45,533	89,728
Work Hardening	47,792	122,428
Day care	257,884	328,247
Therapeutic riding	180,882	228,788
Wellness Center	895,455	838,312
Plant and industry services	128,822	115,508
Off site clinics	5,123,977	887,774
Transitional Care Unit	18,028	7,820
Total Regular Patients	12,818,818	14,482,834
MEDICARE PATIENTS		
Anesthesiology	144,122	158,570
Radiology	1,808,108	1,481,238
Laboratory	2,558,738	2,288,625
Cardiology, MD, MD	461,766	568,508
Physical therapy	517,888	458,266
Outpatient	28,487	52,144
Nuclear medicine	158,481	208,282
Pharmacy	2,881,787	2,679,118
Oxygen and inhalation therapy	2,141,320	1,888,168
AMBULANCE SERVICE	488,725	366,854
Emergency room physicians - professional fees	388,774	185,476
Occupational therapy	36,968	28,222
Home health care	1,374,848	2,488,572
Work Hardening	-	188
Transitional Care Unit	2,423,888	1,473,588
Total Medicare Patients	11,822,122	14,818,822

WEST CHICAGO-GARIBO HOSPITAL
Chicago, Louisiana

Schedule of Other Professional Service Revenues (Continued)
Years Ended December 31,

	<u>1987</u>	<u>1986</u>
MEDICAID PATIENTS		
Anesthesiology	\$ 28,858	\$ 38,928
Mediology	128,788	228,227
Laboratory	575,321	621,418
Cardiology, DRG, DRG	88,482	41,762
Physical Therapy	28,787	44,888
Orthopedic	8,821	15,882
Nuclear Medicine	27,328	15,588
Pharmacy	718,888	822,288
Optom and ophthalmology	424,512	325,722
AMBULANCE SERVICE	85,221	75,728
Emergency room physician - per diem fees	585,712	222,878
Occupational therapy	12,878	48,122
Home health care	14,588	22,822
Work hardening	-	87
Therapeutic riding	-	24,282
Total Medicaid Patients	<u>2,422,222</u>	<u>2,222,222</u>
TOTAL OTHER PROFESSIONAL SERVICE REVENUES	<u>2,422,222</u>	<u>2,222,222</u>

WEST CALORISU-CARROLL HOSPITAL
Caldwell, Louisiana

Schedule of Nursing Expenses
Years Ended December 31,

	<u>1997</u>	<u>1996</u>
Nursing services - salaries	\$ 2,098,217	\$ 2,144,644
Nursing services - administrative salaries	755,494	777,028
Nursing services - expenses	241,819	144,859
Central supply - salaries	345,890	284,481
Central supplies and expenses	1,386,204	1,428,217
Operating room - salaries	788,875	663,282
Operating room - expenses	841,283	800,177
Delivery room - salaries	252,585	275,644
Delivery room - expenses	44,748	18,888
Nursery - salaries	76,889	103,471
Nursery - expenses	24,489	14,733
Recovery room - salaries	127,751	121,253
Recovery room - expenses	3,934	3,128
Intensive care - salaries	713,108	667,877
Intensive care - expenses	14,404	13,899
Emergency room - salaries	742,133	970,252
Emergency room - expenses	63,308	66,774
Emergency room - professional fees	1,273,448	1,251,246
TOTAL NURSING EXPENSES	\$ 8,222,242	\$ 8,221,247

WEST CALIFORNIA-CANONICAL HOSPITAL
Salinas, California

Schedule of Other Professional Service Expenses
THAT ENDED DECEMBER 31,

	<u>1987</u>	<u>1988</u>
Radiationology - expenses	\$ 427,437	\$ 442,798
Radiology - salaries	590,782	593,979
Radiology - expenses	808,107	728,808
Laboratory - salaries	768,061	716,899
Laboratory - expenses	748,828	882,898
Cardiology, EKG and ECG - salaries	178,383	170,383
Cardiology, EKG and ECG - expenses	88,372	86,814
Physical therapy - salaries	478,018	460,850
Physical therapy - expenses	222,482	222,286
Orthopedic room - expenses	27,240	48,716
Pharmacy - salaries	222,812	222,288
Pharmacy - supplies	1,846,819	1,088,850
Inhalation therapy - salaries	148,883	128,282
Inhalation therapy - expenses	120,258	128,216
Ambulance service - salaries	988,812	988,088
Ambulance service - expenses	88,812	88,282
Medical records - salaries	228,888	222,878
Medical records - expenses	81,278	104,248
Nuclear medicine - salaries	88,887	88,812
Nuclear medicine - expenses	181,782	192,484
Strabismic - salaries	82,282	87,718
Strabismic - expenses	8,787	28,288
Home health care - salaries	792,251	797,748
Home health care - expenses	282,824	288,288
Work hardening salaries	48,821	58,818
Work hardening expenses	2,224	8,828
Day Care salaries	224,427	248,284
Day Care expenses	28,288	48,888
Occupational therapy salaries	177,226	247,891
Occupational therapy expenses	22,282	8,828
OT site clinic salaries	688,081	488,287
OT site clinic expenses	1,228,742	784,883
Medicare HMOSE salaries	541,467	488,828
Medicare HMOSE expenses	224,227	128,288
Therapeutic riding salaries	74,824	88,282
Therapeutic riding expenses	88,828	28,228
Transitional Care Unit salaries	287,884	328,224
Transitional Care Unit expenses	284,222	248,282
TOTAL OTHER PROFESSIONAL SERVICE EXPENSES	<u>422,882,821</u>	<u>412,728,224</u>

WEST CALCATRAU-CARBON MINERAL
 Sulphur, Louisiana

Schedule D-2

Schedule of General Service Expenses
 Years Ended December 31.

	<u>1957</u>	<u>1956</u>
Dietary - salaries		
Dietary - food	\$ 426,878	\$ 411,810
Dietary - expenses	313,877	277,953
Housing/transport - salaries	78,442	78,888
Housing/transport - expenses	273,785	230,793
Laundry - salaries	122,768	204,207
Laundry - expenses	87,188	93,488
Operations and maintenance of plant - salaries	827,026	824,496
Operations and maintenance of plant - expenses	522,431	583,373
TOTAL GENERAL SERVICE EXPENSES	<u>\$ 2,482,815</u>	<u>\$ 2,328,092</u>

WEST CALORISSE-CAMERON HOSPITAL
Cajalmar, Louisiana

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

	<u>1997</u>	<u>1996</u>
Administrative - salaries	\$ 1,000,844	\$ 1,027,188
Administrative - general expenses	1,821,896	1,987,188
Payroll taxes and benefits	3,887,380	3,198,048
Insurance and liability claims	477,890	483,732
Amortization of fixed costs	21,888	13,843
Depreciation - buildings/equipment	<u>3,783,383</u>	<u>1,752,388</u>
TOTAL FISCAL AND ADMINISTRATIVE SERVICE EXPENSES	\$ 10,983,381	\$ 10,662,587



BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

**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
Bogalusa, Louisiana

We have audited the financial statements of West Calcasieu-Cameron Hospital, as of and for the year ended December 31, 1997, and have issued our report thereon dated June 9, 1998.

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, assessments 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, prevention of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of West Calcasieu-Cameron Hospital, for the year ended December 31, 1997, 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.

MOBILE OFFICE

784 First Avenue, Mobile, LA, 36684
Ph: (334) 527-0088 Facsimile: (334) 527-1111

LAKE CHARLES OFFICE

1 Lakeshore Drive, Ste. 100, Lake Charles, LA, 70601
Ph: (337) 438-8888 Facsimile: (337) 438-9887

Board of Commissioners
West Calcasieu-Cameron Hospital
Bajoué, Louisiana

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 and irregularities in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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.

Bronson & Company

June 2, 1998
/s/s/



BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

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
Bogalusa, Louisiana

We have audited the financial statements of West Calcasieu-Cameron Hospital, as of and for the year ended December 31, 1977, and have issued our report thereon dated June 2, 1978.

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 disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings.

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.

Broussard & Company

June 2, 1978
/s/abc

WEST CALUMET-CORONADO HOSPITAL
DeLphar, Louisiana

Schedule of Findings
December 31, 1987

21-1 PUBLIC BIDDING

Two violations of the provisions of the public bid law, LSA-RR Title 39:1212, were disclosed during our testing of the transactions and records of the hospital.

Findings - The building renovations and improvements on the Napoleonic Clinic approximated \$175,000 and Westlake Phase II approximated \$105,000 for 1987. Public Bid Law requires construction projects, including labor, materials, and equipment, that exceed \$200,000 should be advertised for bid and the contract shall be let to the lowest responsible bidder. Neither of the previously mentioned projects were advertised for bid.

Management's Response - All future construction projects will be reviewed by management to determine if the total budgeted costs approach \$200,000. If the estimated costs are close to \$200,000, management will obtain at least two quotes to complete the project to determine if it is necessary to advertise for bids as required under state law.

21-2 FINANCIAL COLLATERAL

Louisiana Revised Statute 39:1220 requires cash, cash equivalents, and certificates of deposit be secured by federal deposit insurance and the pledge of securities owned by the fiscal agent bank if necessary.

Findings - The Hospital had deposits with a financial institution in excess of Federal deposit insurance and pledged collateral of \$204,174.

Management's Response - Management has communicated the problem with the financial institution and the money has been collected.

WEST CALCASIEU-CARBON HOSPITAL
Bossier, Louisiana

Summary Schedule of Prior Audit Findings and Corrective Action Plan
December 31, 1977

PRE-AUDIT FINDINGS

1976 Finding 1. Hospital management has implemented reconciliation procedures to insure that subsidiary accounts receivable ledgers are reconciled monthly to the general ledger.

CORRECTIVE ACTION PLAN

Finding 2-1. See "Schedule of Findings" for management's plan of corrective action.