

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

Financial Statements
December 31, 2003 and 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8/4/04

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on the Financial Statements	1-2
Management's Discussion and Analysis	3 - 6
Combined Balance Sheets	7 - 8
Combined Statements of Revenue and Expenses	9
Combined Statements of Changes in Net Assets	10
Combined Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 - 23
Supplementary Information	24
Independent Auditor's Report on Supplementary Information	25
West Calcasieu-Cameron Hospital Hospital Service District	
Balance Sheets	26 - 27
Statements of Income	28
Statements of Retained Earnings	29
West Calcasieu-Cameron Hospital West Calcasieu-Cameron Hospital Service District Corp (Foundation)	
Balance Sheets	30
Statements of Income	31
Schedules of Nursing Revenues	32
Schedules of Other Professional Service Revenues	33
Schedules of Nursing Expenses	34
Schedules of Other Professional Service Expenses	35
Schedules of General Service Expenses	36
Schedules of Fiscal and Administrative Service Expenses	37

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed in Accordance With Government Auditing Standards	38 - 39
Schedule of Findings	40



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Calcasieu-Cameron Hospital
Calcasieu-Cameron Hospital Service District
Sulphur, Louisiana

We have audited the accompanying financial statements of West Calcasieu-Cameron Hospital as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and 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 West Calcasieu-Cameron Hospital as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Hospital adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*. This resulted in a change in the format and content of the financial statements as of December 31, 2003.

The Management's Discussion and Analysis on Pages 3 through 6 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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To the Board of Directors
West Calcasieu-Cameron Hospital
Calcasieu-Cameron Hospital Service District

In accordance with Government Auditing Standards, we have also issued a report dated May 28, 2004 on our consideration of West Calcasieu-Cameron Hospital's internal control structure and a report dated May 28, 2004, on its compliance with laws and regulations. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Broussard & Company

Lake Charles, Louisiana
May 28, 2004

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2003**

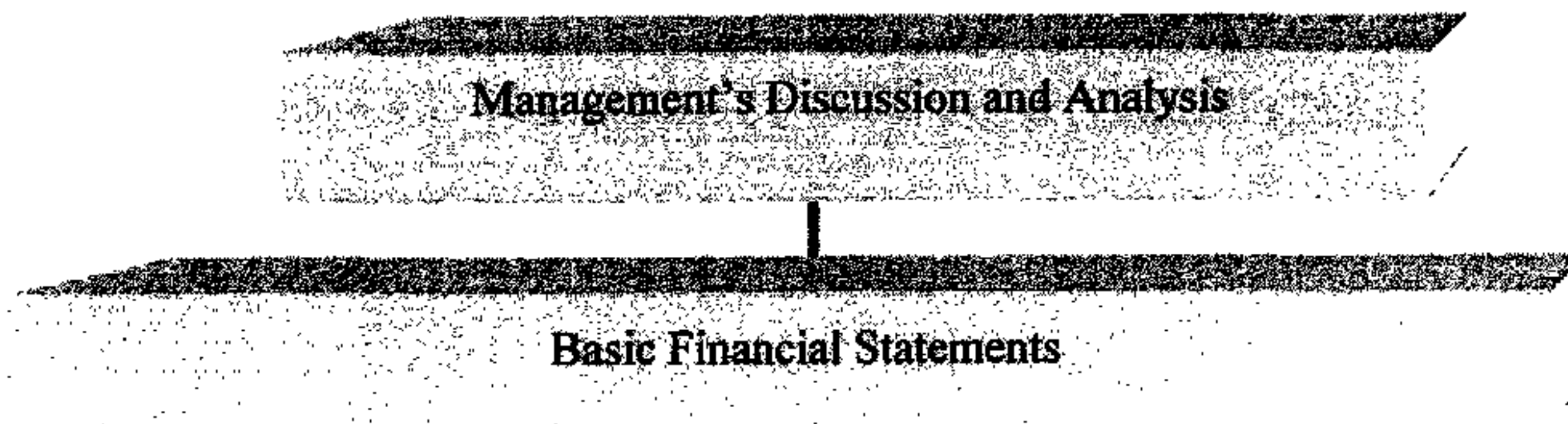
The Management's Discussion and Analysis of the West Calcasieu-Cameron Hospital (the Hospital) financial performance presents a narrative overview and analysis of the Hospital's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- ★ The Hospital's assets exceeded its liabilities at the close of fiscal year 2003 by \$39,252,729 which represents a 4.3% increase from last fiscal year. Of this amount, \$19,662,624, (unrestricted net assets) may be used to meet the Hospital's ongoing obligations to its users.
- ★ The Hospital's net patient revenue increased \$5,036,893 (or 12.1%) and the total operating expenses increased by \$2,286,724 (or 5.2%). Of this increase \$605,494 was due to an increase in salaries expense, \$667,687 increase in contract services, and \$827,801 increase in supplies expenses, and \$118,339 in utilities expense.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2003**

Basic Financial Statements

The basic financial statements present information for the Hospital as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Combined Balance Sheets; the Combined Statements of Revenues and Expenses; and Combined Statements of Changes in Net Assets; and the Combined Statements of Cash Flows.

The Combined Balance Sheets (pages 7 - 8) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Hospital is improving or deteriorating.

The Combined Statements of Revenues and Expenses (page 9) presents information showing how the Hospital's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Combined Statements of Changes in Net Assets (page 10) presents information showing how the Hospital's assets changed as a result of current year operations.

The Combined Cash Flow Statements (pages 11 - 12) presents information showing how the Hospital's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	2003	2002	2001
Current and other assets	\$24,290,092	\$22,525,936	\$23,205,802
Capital assets	27,331,756	28,516,001	29,623,513
Total assets	51,680,859	51,102,147	52,879,315
Other liabilities	6,104,166	5,655,627	5,215,038
Long-term debt outstanding	6,323,964	7,799,001	9,317,733
Total liabilities	12,428,130	13,454,628	14,532,771
Net assets:			
Invested capital assets, net of debt	19,414,551	19,191,249	18,792,129
Unrestricted	19,838,178	18,456,270	19,554,415
Total net assets	\$39,252,729	37,647,519	38,346,544
Total liabilities and net assets	\$51,680,859	\$51,102,147	\$52,879,315

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2003**

Restricted net assets represent those assets that are not available for spending as a result of bond agreements. Conversely, unrestricted net assets are those that do not have any limitations for which these amounts may be used.

The Change in Net assets of the Hospital increased by \$1,605,211, or 4.3%, from December 31, 2002 to December 31, 2003.

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Operating revenues	\$46,990,451	\$42,098,642	\$37,399,235
Operating expenses	<u>46,176,261</u>	<u>44,035,362</u>	<u>39,637,031</u>
Operating income (loss)	<u>814,190</u>	<u>(1,936,720)</u>	<u>(2,237,796)</u>
Non-operating revenues (expenses)	<u>791,021</u>	<u>1,237,695</u>	<u>1,458,718</u>
Net increase (decrease) in net assets	<u>\$ 1,605,211</u>	<u>\$ (699,025)</u>	<u>\$ (779,078)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2003, the Hospital had \$27,331,756, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, equipment, land improvements, and construction in progress. (See Table below). This amount represents a net decrease (including additions and deductions) of \$1,184,245 or 4.2%, from last year.

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Buildings and Improvements	\$31,375,648	\$31,216,595	\$30,876,510
Equipment	22,100,318	21,364,316	20,361,289
Construction in Progress	166,515	3,683	1,935
Land and Improvements	<u>2,986,966</u>	<u>2,986,966</u>	<u>2,926,701</u>
Less Accumulated Depreciation	<u>(29,297,691)</u>	<u>(27,055,559)</u>	<u>(24,542,922)</u>
Totals	<u>\$27,331,756</u>	<u>\$28,516,001</u>	<u>\$29,623,513</u>

Capital Assets (Continued)

This year's Major Capital additions included above were:

- Sequoia Echo Unit \$164,000
- Home Health Software \$100,309

Debt

The Hospital had \$6,326,000 in bonds outstanding at year-end, compared to \$6,994,000 last year, a decrease of 9.6 %. A summary of this debt is shown in the table below.

	Outstanding Debt at Year-end		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenue Bonds	\$ 6,326,000	\$ 6,994,000	\$ 7,662,000

The Hospital's 1998 Series A & B Revenue bonds are unrated.

CONTACTING THE HOSPITAL'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tim Broussard, Chief Executive Officer, West Calcasieu-Cameron Hospital.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Balance Sheets
As of December 31, 2003
(With Comparative Totals for December 31, 2002)

	Hospital	Foundation	Totals	
	Service District		2003	2002
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 484,830	\$ 143,904	\$ 628,734	\$ 478,575
Assets whose use is limited:				
Required for current debt service	155,615	-	155,615	168,218
By board for cash required for operations	1,060,370	-	1,060,370	906,338
Certificates of deposit	-	-	-	7,657
Accounts receivable from patients	11,360,923	-	11,360,923	9,144,982
Less allowance for uncollectible accounts	(1,494,947)	-	(1,494,947)	(1,303,583)
Due from Medicare and Medicaid - cost report settlement	-	-	-	240,886
Interest receivable	118,588	-	118,588	131,068
Other receivables	113,100	-	113,100	14,132
Inventories	854,987	15,395	870,382	720,130
Prepaid expenses	202,840	-	202,840	186,210
Other current assets	17,467	-	17,467	56,119
Total Current Assets	<u>12,873,773</u>	<u>159,299</u>	<u>13,033,072</u>	<u>10,750,732</u>
Assets Whose Use Is Limited				
By board for self-insurance	498,336	-	498,336	1,247,431
By board for capital improvements	4,136,865	-	4,136,865	3,029,674
By board for cash required for operations	6,195,771	-	6,195,771	6,915,139
Certificate of deposit held in escrow by State Treasurer	125,000	-	125,000	125,000
Unrealized gain (loss) on investments	301,048	-	301,048	457,960
Noncurrent Assets Whose Use is Limited	<u>11,257,020</u>	<u>-</u>	<u>11,257,020</u>	<u>11,775,204</u>
Property, Plant and Equipment				
Construction-in-progress	166,515	-	166,515	3,683
Buildings and improvements	31,375,648	-	31,375,648	31,216,595
Equipment	22,078,957	21,361	22,100,318	21,364,316
Land and improvements	2,986,966	-	2,986,966	2,986,966
Less allowance for depreciation	(29,297,539)	(152)	(29,297,691)	(27,055,559)
Net Property, Plant and Equipment	<u>27,310,547</u>	<u>21,209</u>	<u>27,331,756</u>	<u>28,516,001</u>
Other Assets				
Cost of bonds issued	59,011	-	59,011	60,210
TOTAL ASSETS	<u>\$51,500,351</u>	<u>\$ 180,508</u>	<u>\$51,680,859</u>	<u>\$51,102,147</u>

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Balance Sheets (Continued)
As of December 31, 2003
(With Comparative Totals for December 31, 2002)

	Hospital Service District	Foundation	Totals	
			2003	2002
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 1,542,054	\$ 4,954	\$ 1,547,008	\$ 1,318,916
Accrued compensation and retirement	2,214,401	-	2,214,401	2,144,240
Accrued health insurance benefits	330,570	-	330,570	285,139
Accrued interest payable	44,282	-	44,282	56,884
Other accrued expenses	369,451	-	369,451	324,697
Due to Medicare and Medicaid - cost report settlement	26,422	-	26,422	-
Current installments on bonds payable	668,000	-	668,000	668,000
Current installments on capital lease obligations	904,032	-	904,032	857,751
Total Current Liabilities	<u>6,099,212</u>	<u>4,954</u>	<u>6,104,166</u>	<u>5,655,627</u>
Long-Term Debt				
Hospital revenue bonds payable	5,658,000	-	5,658,000	6,326,000
Capital lease obligations	665,964	-	665,964	1,473,001
Total Long-Term Debt	<u>6,323,964</u>	<u>-</u>	<u>6,323,964</u>	<u>7,799,001</u>
Total Liabilities	<u>12,423,176</u>	<u>4,954</u>	<u>12,428,130</u>	<u>13,454,628</u>
Net Assets				
Invested in capital assets, net of related debt	19,414,551	-	19,414,551	19,191,249
Unrestricted	19,662,624	175,554	19,838,178	18,456,270
Total Net Assets	<u>39,077,175</u>	<u>175,554</u>	<u>39,252,729</u>	<u>37,647,519</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$51,500,351</u>	<u>\$ 180,508</u>	<u>\$51,680,859</u>	<u>\$51,102,147</u>

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Revenues and Expenses
For The Year Ended December 31, 2003
(With Comparative Totals for December 31, 2002)

	Hospital	Foundation	Totals	
	Service District		2003	2002
NET PATIENT SERVICE REVENUE	\$ 46,616,980	\$ -	\$ 46,616,980	\$ 41,580,087
OTHER REVENUE (EXPENSES)				
Cafeteria and vending machines	200,994	-	200,994	196,020
Record room and miscellaneous	50,028	-	50,028	55,435
Gift shop revenue, net of cost of sales	-	10,705	10,705	29,970
Donations	15,788	45,534	61,322	200,183
Other revenues	20,532	29,890	50,422	36,947
Total Other Revenue (Expenses)	<u>287,342</u>	<u>86,129</u>	<u>373,471</u>	<u>518,555</u>
TOTAL REVENUE	<u>46,904,322</u>	<u>86,129</u>	<u>46,990,451</u>	<u>42,098,642</u>
OPERATING EXPENSES				
Nursing expenses	10,464,626	-	10,464,626	10,222,213
Other professional service expenses	15,243,783	-	15,243,783	14,347,670
General service expenses	3,590,084	-	3,590,084	3,297,705
Fiscal and administrative services expenses	8,488,457	66,161	8,554,618	7,649,220
Depreciation and amortization expenses	2,519,237	96	2,519,333	2,566,909
Provision for bad accounts (net of recoveries)	5,411,633	-	5,411,633	5,425,533
Interest expense on bonds	288,267	-	288,267	360,323
Interest expense on leases	103,917	-	103,917	165,789
Total Operating Expenses	<u>46,110,004</u>	<u>66,257</u>	<u>46,176,261</u>	<u>44,035,362</u>
INCOME (LOSS) FROM OPERATIONS	794,318	19,872	814,190	(1,936,720)
NON-OPERATING REVENUE AND (EXPENSES)				
Rent income	450,444	-	450,444	461,841
Investment income	362,014	-	362,014	773,327
Loss on disposal of assets	(24,754)	-	(24,754)	(1,695)
Interest income	-	1,195	1,195	3,193
Miscellaneous	2,122	-	2,122	1,029
Total Non-Operating Revenue and (Expenses)	<u>789,826</u>	<u>1,195</u>	<u>791,021</u>	<u>1,237,695</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 1,584,144</u>	<u>\$ 21,067</u>	<u>\$ 1,605,211</u>	<u>\$ (699,025)</u>

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Changes in Net Assets
For The Year Ended December 31, 2003
(With Comparative Totals for December 31, 2002)

	<u>Hospital Service District</u>	<u>Foundation</u>	<u>Totals 2003</u>	<u>2002</u>
NET ASSETS - January 1	\$ 37,493,031	\$ 154,487	\$ 37,647,518	\$ 38,346,543
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>1,584,144</u>	<u>21,067</u>	<u>1,605,211</u>	<u>(699,025)</u>
NET ASSETS - December 31	<u>\$ 39,077,175</u>	<u>\$ 175,554</u>	<u>\$ 39,252,729</u>	<u>\$ 37,647,518</u>

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Cash Flows
For The Year Ended December 31, 2003
(With Comparative Totals for December 31, 2002)

	Hospital	Foundation	Totals	
	Service District		2003	2002
Cash Flows From Operating Activities:				
Receipts from patients and users	\$ 39,670,094	\$116,405	\$ 39,786,499	\$ 35,946,410
Payments to suppliers	(19,388,765)	(55,301)	(19,444,066)	(17,760,671)
Payments to employees	(18,170,765)	-	(18,170,765)	(17,410,129)
Interest paid	(404,786)	-	(404,786)	(531,546)
Other	-	(21,853)	(21,853)	(17,265)
Net Cash Provided (Used) by Operating Activities	<u>1,705,778</u>	<u>39,251</u>	<u>1,745,029</u>	<u>226,799</u>
Cash Flows From Capital and Related Financing Activities:				
Payment for capital expenditures	(1,183,143)	(20,640)	(1,203,783)	(1,461,668)
Proceeds from sale of capital assets	7,500	-	7,500	1,900
Principal payment on bonds and notes	(668,000)	-	(668,000)	(668,000)
Principal payments under capital lease obligations	(924,755)	-	(924,755)	(838,632)
Other	1,638	-	1,638	(14,593)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,766,760)</u>	<u>(20,640)</u>	<u>(2,787,400)</u>	<u>(2,980,993)</u>
Cash Flows From Investing Activities:				
(Purchase) sale of assets whose use is limited, net	361,272	-	361,272	(2,138,384)
Investment income	518,926	1,195	520,121	556,858
Rent income	450,444	-	450,444	461,841
Miscellaneous	2,122	-	2,122	1,028
Net Cash Provided (Used) by Investing Activities	<u>1,332,764</u>	<u>1,195</u>	<u>1,333,959</u>	<u>(1,118,657)</u>
Net Increase (Decrease) in Cash	<u>271,782</u>	<u>19,806</u>	<u>291,588</u>	<u>(3,872,851)</u>
Cash and Cash Equivalents - Beginning of Year	<u>1,429,033</u>	<u>124,098</u>	<u>1,553,131</u>	<u>5,425,982</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,700,815</u>	<u>\$143,904</u>	<u>\$ 1,844,719</u>	<u>\$ 1,553,131</u>

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Cash Flows (Continued)
For The Year Ended December 31, 2003
(With Comparative Totals for December 31, 2002)

	Hospital Service District	Foundation	Totals	
			2003	2002
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 794,318	\$ 19,872	\$ 814,190	\$ (1,936,720)
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation and amortization	2,519,237	96	2,519,333	2,566,909
In-kind contributions	-	-	-	19,094
Provisions for losses on accounts receivable, net	191,364	-	191,364	120,234
(Increase) decrease in receivables	(2,061,543)	-	(2,061,543)	(862,326)
(Increase) decrease in inventory	(159,204)	8,952	(150,252)	(66,664)
(Increase) decrease in prepaid expenses	(16,630)	-	(16,630)	(21,136)
(Increase) decrease in other current assets	38,652	7,657	46,309	(21,082)
Increase (decrease) in accounts payable and other accrued expenses	399,584	2,674	402,258	428,490
Total Adjustments	<u>911,460</u>	<u>19,379</u>	<u>930,839</u>	<u>2,163,519</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,705,778</u>	<u>\$ 39,251</u>	<u>\$ 1,745,029</u>	<u>\$ 226,799</u>
Supplemental Disclosures of Cash Flow Information:				
Cash paid for interest (net of amount capitalized)	<u>\$ 404,786</u>	<u>\$ -</u>	<u>\$ 404,786</u>	<u>\$ 531,546</u>
Noncash Financing Activities:				
Assets acquired through capital lease	<u>\$ 164,000</u>	<u>\$ -</u>	<u>\$ 164,000</u>	<u>\$ -</u>
Cash and Cash Equivalents:				
Unrestricted	\$ 484,830	\$143,904	628,734	\$ 478,575
Assets whose use is limited	<u>1,215,985</u>	<u>-</u>	<u>1,215,985</u>	<u>1,074,556</u>
	<u>\$ 1,700,815</u>	<u>\$143,904</u>	<u>\$ 1,844,719</u>	<u>\$ 1,553,131</u>

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002

Note 1 - Organization and Summary of Significant Accounting Policies

The West Calcasieu-Cameron Hospital is owned and operated by the Calcasieu-Cameron Hospital Service Hospital. The hospital provides in-patient, out-patient, 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 provision 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.

The West Calcasieu-Cameron Hospital Service Corporation (Foundation) is a non-profit corporation operating under 501 (c) (3) of the Internal Revenue Code. The Foundation files and grants applications, operates the gift shop, and conducts general fundraising efforts to be dedicated for the benefit of the Hospital. The District is the sole member of the Foundation.

GASB No. 20 requires that governments' proprietary activities apply all applicable GASB 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 West Calcasieu-Cameron Hospital Service Corporation (Foundation) is considered a component unit of the District. Component units are entities for which the Hospital is considered financially accountable.

Basis of Accounting - The Hospital has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*.

The Hospital uses the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Hospital's enterprise fund are charges to patients for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003 and 2002

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

When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, then unrestricted resources as they are needed.

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 those estimates.

Net Patient Service Revenue - Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

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 non-acute 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.

Risk Management - The Hospital is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters. The Hospital is self-insured for employee health benefits as discussed in Note 6.

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.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003 and 2002

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

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	3 - 25 years
Buildings and improvements	3 - 50 years
Parking lots	5 - 25 years
Land improvements	5- 25 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.

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

Note 2 - Assets Whose Use is Limited

Assets whose use is limited include investments (reported at fair value) 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 malpractice insurance arrangements.

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

- (1) Insured or registered, or securities held by the Hospital or its 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.

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003 and 2002

Note 2 - Assets Whose Use is Limited (Continued):

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Cash	\$ -	\$ -	\$ 155,615	\$ 155,615
Certificates of deposit	569,269	-	5,107,401	5,676,670
U.S. Treasury obligations	-	5,554,216	-	5,554,216
Government mortgaged	-	26,134	-	26,134
Total	<u>\$ 569,269</u>	<u>\$ 5,580,350</u>	<u>\$ 5,263,016</u>	<u>\$ 11,412,635</u>
Investments not subject to categorization:				
Mutual funds				1,060,370
Total Assets Whose Use Is Limited				<u>\$ 12,473,005</u>

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Note 3 - Hospital Revenue Bonds Payable

\$5,000,000 Calcasieu-Cameron Hospital Service District Hospital Revenue Refunding Bonds, 1998 Series A, due in semi-annual installments of \$289,000 to \$164,906 through May 1, 2013; interest at 4.2%	\$3,163,000
\$5,000,000 Calcasieu-Cameron Hospital Service District Hospital Revenue Bonds, 1998 Series B, due in semi-annual installments of \$289,000 to \$164,906 through May 1, 2013; interest at 4.2%	3,163,000
	<u>\$6,326,000</u>

The annual installments to amortize all debt outstanding as of December 31, 2003 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 668,000	\$ 258,678	\$ 926,678
2005	668,000	230,622	898,622
2006	668,000	202,566	870,566
2007	668,000	174,474	842,474
2008	668,000	146,454	814,454
2009-2013	<u>2,986,000</u>	<u>311,850</u>	<u>3,297,850</u>
	<u>\$6,326,000</u>	<u>\$1,324,644</u>	<u>\$7,650,644</u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003 and 2002

Note 3 - Hospital Revenue Bonds Payable (Continued):

The following is a summary of revenue bond payable transactions of the Hospital for the year ended December 31, 2003:

Outstanding at January 1, 2003	\$ 6,994,000
Bonds Retired	<u>(668,000)</u>
Outstanding at December 31, 2003	<u>\$ 6,326,000</u>

Note 4 - Compliance with Bond Resolution

The revenue bond agreement with Hibernia National Bank contains various requirements relating to reserves, financial ratios, operating results, etc. The Hospital has met all requirements for 2003.

Note 5 - Hospital Insurance

Effective April 1, 1976, the Hospital became a member of the Louisiana Patient's Compensation Fund of the Investors Malpractice Insurance Company for the purpose of obtaining malpractice insurance. The Hospital has placed \$125,000 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 \$100,000.

The Hospital is a guarantor for patients' receivables that have been financed through local banks. The outstanding balance of these loans at December 31, 2003 and 2002 was \$-0- and \$5,128, respectively.

Note 7 - Compensation of the Board of Directors

The members of the Board of Commissioners of West Calcasieu-Cameron Hospital are paid a per diem per board meeting attended. Total payments as of December 31, 2003 are as follows:

Billy Moses	\$ 800
Bob Davidson	1,200
Raphael Fontenot	1,200
Scott McManus	1,100
John Debarge	<u>1,000</u>
Total	<u>\$5,300</u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003 and 2002

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.

Note 9 - Accrued Compensation

Accrued payroll for the years ended December 31, 2003 and 2002, paid in the subsequent year, totaled \$557,295 and \$475,684, respectively. Accrued compensation totaling \$908,597 and \$915,497 for the years ended December 31, 2003 and 2002, respectively, has also been accrued at the employees' present salary levels for vacation time earned, but unpaid as of year end.

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. The capitalized costs on such leases were \$4,249,257 for 2003 and \$4,293,557 for 2002.

The accumulated depreciation on such equipment under capital lease obligation was \$2,218,721 at December 31, 2003 and \$1,713,932 at December 31, 2002. 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, 2003:

Year Ending December 31,	
2004	\$ 911,226
2005	486,847
2006	221,745
2007	36,546
2008	<u>6,061</u>
Total Minimum Lease Payments	1,662,425
Less: Amount Representing Interest	<u>92,429</u>
Present Value of Future Minimum Lease Payments	<u>\$ 1,569,996</u>

The Hospital leases part of the Hospital facilities under an operating lease to a provider of long-term acute care services. The lease term is effective until September 30, 2005. The cost of the property is \$103,562 and the accumulated depreciation is \$60,088.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003 and 2002

Note 10- Leases (Continued)

Future minimum lease receivables at December 31, 2003 are as follows:

2004		264,205
2005		<u>198,154</u>
		<u>\$ 726,564</u>

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	2,315,429	-0-	-0-	2,315,429
Construction in progress	<u>3,683</u>	<u>262,655</u>	<u>(99,823)</u>	<u>166,515</u>
Total capital assets, not being depreciated	<u>2,319,112</u>	<u>262,655</u>	<u>(99,823)</u>	<u>2,481,944</u>
Capital assets, being depreciated:				
Buildings	25,413,745	-0-	-0-	25,413,745
Building improvements	5,802,850	159,053	-0-	5,961,903
Land improvements	671,537	-0-	-0-	671,537
Equipment	<u>21,363,595</u>	<u>1,019,274</u>	<u>(303,912)</u>	<u>22,078,957</u>
Total capital assets, being depreciated	53,251,727	1,178,327	(303,912)	54,126,142
Less accumulated depreciated	<u>(27,055,503)</u>	<u>(2,513,042)</u>	<u>271,006</u>	<u>(29,297,539)</u>
Total capital assets, being depreciated, net	<u>26,196,224</u>	<u>(1,334,715)</u>	<u>(32,906)</u>	<u>24,828,603</u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003 and 2002

Note 12- **Malpractice**

Malpractice claims have been asserted against West Calcasieu-Cameron 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-Cameron Hospital. Management is unable to estimate the ultimate cost, if any, of the resolution of the asserted claims and, accordingly, no accrual has been made for them.

Incidents occurring through December 31, 2003 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. Management believes the resolution of such potential claims would be settled within the limits of insurance coverage.

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), 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 60 with at least 10 years of creditable service, 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 3% 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, 1980, the benefit is equal to 1% of 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 36 consecutive or joined 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 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 11:103, 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 2003.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003 and 2002

Note 13- Retirement Commitments (Continued)

The pension benefit obligation as of December 31, 2002 follows:

RETIREMENT SYSTEM	Plan A	Plan B
Net Assets	\$ 1,214,971,041	\$ 84,572,863
Pension Benefit Obligations	(1,336,402,556)	(78,049,249)
Excess Assets	\$ <u>(121,431,515)</u>	\$ <u>6,523,614</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 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 PERS 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, 2003, comprehensive annual financial report. The district does not guarantee the benefits granted by the System.

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, 2003 was approximately \$16,441,388; the Hospital's total payroll was \$18,240,926. Covered employees are required to contribute 9.5% of their earnings.

The Hospital's contributions to the system for the years ended December 31, 2003, 2002, and 2001 were \$1,275,354, \$1,229,420 and \$1,168,199, respectively, equal to the 7.75% required contributions for each year. Effective January 1, 2004 the Hospital's contribution percentage increased to 11.75%.

Note 14- Cash, Cash Equivalents and Certificates of Deposit

At December 31, 2003, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$6,317,115. Of that balance, \$5,832,285 is included in Assets Whose Use 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, 2003, the Hospital has \$6,721,961 in deposits (collected bank balances). These deposits are secured from risk by \$669,269 of federal deposit insurance and \$7,913,041 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003 and 2002

Note 14- Cash, Cash Equivalents and Certificates of Deposit (Continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 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.

At December 31, 2003, the Foundation had \$143,904 in cash, cash equivalents and certificates of deposit. The Foundation's collected bank balances were \$156,396 at December 31, 2003, all of which were insured by federal deposit insurance.

Note 15- Prior Year Balances

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

Note 16- Concentrations of Credit Risk

The Hospital is located in Sulphur, Louisiana. The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	<u>2003</u>	<u>2002</u>
Medicare	24 %	17 %
Medicaid	5	5
Other	71	78
	<u>100 %</u>	<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2003</u>	<u>2002</u>
Medicare	34 %	37 %
Medicaid	6	3
Other	60	60
	<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.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2003 and 2002

Note 17- Post Employment Benefits

The Hospital provides post retirement health care benefits to all employees who retire and meet the retirement criteria of the Parochial Employees' Retirement System of Louisiana. Currently, 73 retirees are participating in the system. Expenditures for post retirement health care benefits are recognized as retirees report claims 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 2003 and 2002 was not maintained.

Note 18- Charity Care

The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated approximately \$100,523 and \$214,634 in 2003 and 2002, respectively.

Note 19- Construction in Progress

The Hospital has various construction projects in progress at December 31, 2003. The following is a schedule of the most significant projects.

	<u>Estimated Total Costs</u>	<u>Costs Incurred To Date</u>	<u>Estimated Completion Date</u>
Laboratory Computer Network System	\$198,500	\$99,250	March 2004
Pharmacy Medselect System	\$101,050	\$30,315	February 2004

SUPPLEMENTARY INFORMATION



Founded in 1978

BROUSSARD & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

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

Our report on our audits of the basic financial statements of West Calcasieu-Cameron Hospital as of December 31, 2003 and 2002, and for the years then ended appears on pages 1 and 2. The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 26-37 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

Lake Charles, Louisiana
May 28, 2004

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**WEST CALCASIEU-CAMERON HOSPITAL
HOSPITAL SERVICE DISTRICT**

Sulphur, Louisiana

Balance Sheets

As of December 31,

	2003	2002
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 484,830	\$ 354,477
Assets whose use is limited:		
Required for current debt service	155,615	168,218
By board for cash required for operations	1,060,370	906,338
Accounts receivable from patients	11,360,923	9,144,982
Less allowance for uncollectible accounts	(1,494,947)	(1,303,583)
Due from Medicare and Medicaid - cost report settlement	-	240,886
Interest receivable	118,588	131,068
Other receivables	113,100	14,132
Inventories	854,987	695,783
Prepaid expenses	202,840	186,210
Other current assets	17,467	56,119
Total Current Assets	12,873,773	10,594,630
Assets Whose Use Is Limited		
By board for self-insurance	498,336	1,247,431
By board for capital improvements	4,136,865	3,029,674
By board for cash required for operations	6,195,771	6,915,139
Certificate of deposit held in escrow by State Treasurer	125,000	125,000
Unrealized gain (loss) on investments	301,048	457,960
Noncurrent Assets Whose Use is Limited	11,257,020	11,775,204
Property, Plant and Equipment		
Construction-in-progress	166,515	3,683
Buildings and improvements	31,375,648	31,216,595
Equipment	22,078,957	21,363,595
Land and improvements	2,986,966	2,986,966
Less allowance for depreciation	(29,297,539)	(27,055,503)
Net Property, Plant and Equipment	27,310,547	28,515,336
Other Assets		
Cost of bonds issued	59,011	60,210
TOTAL ASSETS	\$ 51,500,351	\$ 50,945,380

**WEST CALCASIEU-CAMERON HOSPITAL
HOSPITAL SERVICE DISTRICT
Sulphur, Louisiana
Balance Sheets (Continued)
As of December 31,**

	2003	2002
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,542,054	\$ 1,316,635
Accrued compensation and retirement	2,214,401	2,144,241
Accrued health insurance benefits	330,570	285,139
Accrued interest payable	44,282	56,884
Other accrued expenses	369,451	324,697
Due to Medicare and Medicaid - cost report settlement	26,422	-
Current installments on bonds payable	668,000	668,000
Current installments on capital lease obligations	904,032	857,751
Total Current Liabilities	6,099,212	5,653,347
Long-Term Debt		
Hospital revenue bonds payable	5,658,000	6,326,000
Capital lease obligations	665,964	1,473,001
Total Long-Term Debt	6,323,964	7,799,001
Total Liabilities	12,423,176	13,452,348
Net Assets		
Invested in capital assets, net of related debt	19,414,551	19,191,249
Unrestricted	19,662,624	18,301,783
Total Net Assets	39,077,175	37,493,032
TOTAL LIABILITIES AND NET ASSETS	\$ 51,500,351	\$ 50,945,380

**WEST CALCASIEU-CAMERON HOSPITAL
HOSPITAL SERVICE DISTRICT
Sulphur, Louisiana
Statements of Revenues and Expenses
For The Years Ended December 31,**

	2003	2002
NET PATIENT SERVICE REVENUE	\$ 46,616,980	\$ 41,580,087
OTHER REVENUE (EXPENSES)		
Cafeteria and vending machines	200,994	196,019
Record room and miscellaneous	50,028	55,435
Donations	15,788	152,764
Other revenues	20,532	5,122
Total Other Revenue (Expenses)	287,342	409,340
TOTAL REVENUE	46,904,322	41,989,427
OPERATING EXPENSES		
Nursing expenses	10,464,626	10,222,210
Other professional service expenses	15,243,783	13,894,260
General service expenses	3,590,084	3,297,710
Fiscal and administrative services expenses	8,488,457	7,890,594
Depreciation and amortization expenses	2,519,237	2,566,861
Provision for bad accounts (net of recoveries)	5,411,633	5,425,533
Interest expense on bonds	288,267	360,323
Interest expense on leases	103,917	165,789
Total Operating Expenses	46,110,004	43,823,280
INCOME (LOSS) FROM OPERATIONS	794,318	(1,833,853)
NON-OPERATING REVENUE AND (EXPENSES)		
Rent income	450,444	461,841
Investment income	362,014	773,327
Loss on disposal of assets	(24,754)	(1,695)
Miscellaneous	2,122	1,029
Total Non-Operating Revenue and (Expenses)	789,826	1,234,502
EXCESS OF REVENUE OVER EXPENSES	\$ 1,584,144	\$ (599,351)

**WEST CALCASIEU-CAMERON HOSPITAL
HOSPITAL SERVICE DISTRICT
Sulphur, Louisiana
Statements of Changes in Net Assets
For The Years Ended December 31,**

	<u>2003</u>	<u>2002</u>
NET ASSETS - January 1	\$ 37,493,031	\$ 38,092,382
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>1,584,144</u>	<u>(599,351)</u>
NET ASSETS - December 31	<u><u>\$ 39,077,175</u></u>	<u><u>\$ 37,493,031</u></u>

WEST CALCASIEU-CAMERON HOSPITAL
WEST CALCASIEU-CAMERON HOSPITAL SERVICE CORPORATION (FOUNDATION)
Sulphur, Louisiana
Balance Sheets
As of December 31,

	2003	2002
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 143,904.00	\$ 124,098.00
Certificates of deposit	-	7,657
Inventories	15,395	24,347
Total Current Assets	159,299	156,102
 Property, Plant and Equipment		
Equipment	21,361	721
Less allowance for depreciation	(152)	(56)
Net Property, Plant and Equipment)	21,209	665
 TOTAL ASSETS	 \$ 180,508	 \$ 156,767
 LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 4,954	\$ 2,280
Total Current Liabilities	4,954	2,280
Total Liabilities	4,954	2,280
 Equity		
Retained earnings	175,554	154,487
 TOTAL LIABILITIES AND EQUITY	 \$ 180,508	 \$ 156,767

WEST CALCASIEU-CAMERON HOSPITAL
WEST CALCASIEU-CAMERON HOSPITAL SERVICE CORPORATION (FOUNDATION)
Sulphur, Louisiana
Statements of Income
For The Years Ended December 31,

	2003	2002
OPERATING REVENUES		
Gift shop revenue	\$ 40,981	\$ 45,363
Donations	45,534	47,419
Other revenues	29,890	31,825
Total Revenues	116,405	124,607
 COST OF SALES		
Gift Shop	30,276	15,393
Gross Profit	86,129	109,214
 OPERATING EXPENSES		
Contributions	21,853	157,930
Fund raising	26,513	34,408
Miscellaneous	13,466	14,782
Professional fees	1,300	1,600
Taxes	3,029	3,313
Depreciation expense	96	48
Total Operating Expenses	66,257	212,081
 NON-OPERATING REVENUE		
Interest Income	1,195	3,193
 EXCESS OF REVENUE OVER EXPENSES	 \$ 21,067	 \$ (99,674)

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedules of Nursing Revenues
For The Years Ended December 31,

	<u>2003</u>	<u>2002</u>
NURSING REVENUES		
Revenue from daily patient services		
Medical and surgical	\$ 5,259,360	\$ 4,781,999
Intensive care	2,191,847	1,708,750
Nursery	217,110	202,036
Total Revenue from Daily Patient Services	<u>7,668,317</u>	<u>6,692,785</u>
Operating room	10,527,092	10,130,615
Delivery room	1,537,604	1,308,058
Recover room	3,117,112	3,426,848
Central supply	7,547,535	7,338,823
Emergency room	<u>9,464,387</u>	<u>5,328,674</u>
TOTAL NURSING REVENUES	<u><u>\$ 39,862,047</u></u>	<u><u>\$ 34,225,803</u></u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedules of Other Professional Services Revenue
For The Years Ended December 31,

	<u>2003</u>	<u>2002</u>
OTHER PROFESSIONAL SERVICE REVENUES		
Anesthesiology	\$ 2,001,920	\$ 1,873,594
Radiology	11,537,222	9,391,505
Laboratory	12,969,773	11,363,350
Cardiology, EKG and EEG	3,228,573	2,889,665
Physical therapy	1,284,950	1,131,932
Orthopedic	189,468	187,093
Nuclear Medicine	1,908,847	1,824,044
Pharmacy	14,863,126	12,016,040
Respiratory therapy	6,045,999	4,818,056
Dietary - long term care	184,244	206,644
Ambulance service	2,401,521	2,217,000
Emergency room physicians prof. fees	(182)	898,318
Occupational therapy	722,441	572,211
Home health care	1,794,140	1,854,394
Day care	362,622	364,921
Therapeutic riding	335,820	291,702
Wellness center	1,376,291	1,165,913
Industrial relations	-	(13)
Off site clinics	613,694	475,432
Outpatient testing	411,655	270,040
TOTAL OTHER PROFESSIONAL SERVICE REVENUES	<u>\$ 62,232,124</u>	<u>\$ 53,811,841</u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedules of General Service Expenses
For The Years Ended December 31,

	<u>2003</u>	<u>2002</u>
NURSING EXPENSES		
Nursing services - salaries	\$ 2,633,721	\$ 2,577,507
Nursing services - administrative salaries	839,232	700,546
Nursing services - expenses	318,980	64,520
Central supply - salaries	138,200	136,741
Central supply - expense	930,607	986,154
Operating room - salaries	918,201	881,000
Operating room - expenses	1,397,085	1,312,108
Delivery room - salaries	419,247	429,644
Delivery room - expenses	99,914	87,519
Nursery - salaries	38,298	34,365
Nursery - expenses	10,876	11,150
Recovery room - salaries	165,191	149,381
Recovery room - expenses	(44)	1,689
Intensive care - salaries	893,511	802,350
Intensive care - expenses	99,774	15,188
Emergency room - salaries	1,006,207	1,207,393
Emergency room - expenses	224,154	54,569
Emergency room - professional fees	331,472	770,389
TOTAL NURSING EXPENSES	<u>\$ 10,464,626</u>	<u>\$ 10,222,213</u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedules of Other Professional Service Expenses
For The Years Ended December 31,

	<u>2003</u>	<u>2002</u>
OTHER PROFESSIONAL SERVICE EXPENSES		
Anesthesiology - expenses	\$ 495,776	\$ 415,564
Radiology - salaries	837,093	701,213
Radiology - expenses	883,517	812,281
Laboratory - salaries	894,142	840,266
Laboratory - expenses	1,491,936	1,280,696
Cardiology, EKG and EEG - salaries	386,300	390,644
Cardiology, EKG and EEG - expenses	604,840	450,729
Physical therapy - salaries	499,502	487,845
Physical therapy - expenses	18,360	15,624
Orthopedic room - expenses	53,711	50,863
Pharmacy - salaries	557,518	542,309
Pharmacy - expenses	2,190,729	1,856,817
Respiratory therapy - salaries	424,490	401,530
Respiratory therapy - expenses	136,619	134,115
Ambulance service - salaries	1,130,754	1,131,319
Ambulance service - expenses	98,799	117,688
Medical records - salaries	318,313	280,732
Medical records - expenses	142,474	73,735
Nuclear Medicine - salaries	121,619	119,221
Nuclear Medicine - expenses	222,974	233,659
Outpatient testing - salaries	78,330	75,319
Outpatient testing - expenses	4,877	2,732
Ultrasound - salaries	105,829	99,264
Ultrasound - expenses	8,468	13,750
Home health care - salaries	697,619	672,354
Home health care - expenses	262,226	249,750
Day care - salaries	339,834	340,511
Day care - expenses	28,822	29,332
Occupational therapy - salaries	199,453	216,937
Occupational therapy - expenses	29,543	14,440
Off site clinic - salaries	427,609	384,179
Off site clinic - expenses	602,128	618,289
Wellness center - salaries	675,097	591,946
Wellness center - expenses	98,786	90,375
Therapeutic riding - salaries	150,231	147,280
Therapeutic riding - expenses	25,465	10,956
TOTAL OTHER PROFESSIONAL SERVICE EXPENSES	<u>\$ 15,243,783</u>	<u>\$ 13,894,264</u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedules of General Service Expenses
For The Years Ended December 31,

	2003	2002
GENERAL SERVICE EXPENSES		
Dietary - salaries	\$ 422,666	\$ 426,126
Dietary - food	336,494	338,796
Dietary - expenses	66,476	62,007
Housekeeping - salaries	414,199	377,259
Housekeeping - expenses	116,640	100,084
Laundry - salaries	97,620	98,431
Laundry - expenses	58,546	78,525
Operating and maintenance of plant - salaries	669,589	619,837
Operating and maintenance of plant - expenses	1,407,854	1,196,640
TOTAL GENERAL SERVICE EXPENSES	\$ 3,590,084	\$ 3,297,705

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedules of Fiscal and Administrative Service Expenses
For The Years Ended December 31,

	2003	2002
FISCAL AND ADMINISTRATIVE SERVICE EXPENSES		
Administrative - salaries	\$ 1,748,967	\$ 1,771,984
Administrative - general expenses	2,269,699	1,932,437
Payroll taxes and benefits	3,992,838	3,765,490
Insurance and liability claims	476,953	420,683
TOTAL FISCAL AND ADMINISTRATIVE SERVICE EXPENSES	\$ 8,488,457	\$ 7,890,594



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of West Calcasieu-Cameron Hospital as of and for the year ended December 31, 2003, and have issued our report thereon dated May 28, 2004. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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This report is intended solely for the information and use of the management of West Calcasieu-Cameron Hospital and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Broussard & Company

Lake Charles, Louisiana
May 28, 2004

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedule of Findings
December 31, 2003

A. Financial Statement Items

1. Unqualified opinion on the general-purpose financial statements.
2. Reportable condition in internal control – Refer to B-1.
3. No instances of noncompliance noted.

B. GAGAS Findings

1. None.

C. Prior Audit Findings

1. None.