

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

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**Financial Statements**  
**December 31, 2022 and 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities of the West Calcasieu-Cameron Hospital, a component unit of Calcasieu and Cameron Parish Police Juries, as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of West Calcasieu-Cameron Hospital, a component unit of Calcasieu and Cameron Parish Police Juries, as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Calcasieu-Cameron Hospital, a component unit of Calcasieu and Cameron Parish Police Juries, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Calcasieu-Cameron Hospital's, a component unit of Calcasieu and Cameron Parish Police Juries, ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the accounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Calcasieu-Cameron Hospital's, a component unit of Calcasieu and Cameron Parish Police Juries, internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Calcasieu-Cameron Hospital's, a component unit of Calcasieu and Cameron Parish Police Juries, ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8, the Schedule of Changes to Total OPEB Liability and Related Ratios on page 41, the Schedule of Employers' Share of Net Pension Liabilities on page 42, and the Schedule of Employer Contributions on page 43 be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers them to be essential parts of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Calcasieu-Cameron Hospital's, a component unit of Calcasieu and Cameron Parish Police Juries, basic financial statements. The accompanying Schedule of Compensation, Benefits and Other Payments are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments are fairly stated in all material respects in relation to the financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2023 on our consideration of West Calcasieu-Cameron Hospital's, a component unit of Calcasieu and Cameron Parish Police Juries, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Calcasieu-Cameron Hospital's, a component unit of Calcasieu and Cameron Parish Police Juries, internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Calcasieu-Cameron Hospital's, a component unit of Calcasieu and Cameron Parish Police Juries, internal control over financial reporting and compliance.

*Steven M. DeRouen & Associates, LLC*

Lake Charles, Louisiana  
May 12, 2023

**WEST CALCASIEU-CAMERON HOSPITAL  
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2022**

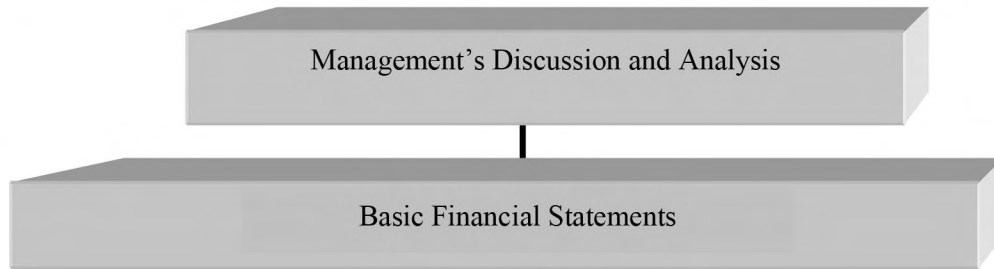
The Management’s Discussion and Analysis of the West Calcasieu-Cameron Hospital (the Hospital) financial performance presents a narrative overview and analysis of the Hospital’s financial activities for the year ended December 31, 2022. This document focuses on the current year’s activities, resulting 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 and deferred outflows exceeded its liabilities and deferred inflows at the close of fiscal year 2022 by \$52,728,871 which represents a 41.4% increase from last fiscal year. Of this amount, \$18,192,403 (unrestricted net position) may be used to meet the Hospital’s ongoing obligations to its users.
  
- ★ The Hospital’s net patient service revenue decreased \$851,008 (or 1.4%) and the total operating expenses decreased \$12,145,177 (or 13.9%).

**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, 2022**

**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 Statements of Net Position; the Statements of Revenues and Expenses; the Statements of Changes in Net Position; and the Statements of Cash Flows.

The Statements of Net Position (pages 9 - 10) 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 Statements of Revenues and Expenses (page 11) 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 Statements of Changes in Net Position (page 12) presents information showing how the Hospital's assets changed as a result of current year operations.

The Statements of Cash Flows (pages 13 - 14) 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**

	2022	2021	2020
Current and other assets	\$ 64,044,489	\$ 52,138,428	\$ 48,634,092
Capital assets	35,718,678	35,386,422	32,750,833
Total assets	99,763,167	87,524,850	81,384,925
Deferred outflows	13,457,337	14,213,699	12,454,473
Total assets and deferred outflows	113,220,504	101,738,549	93,839,398
Other liabilities	28,579,746	42,178,886	39,602,719
Long-term debt outstanding	1,182,210	1,779,102	2,389,471
Total liabilities	29,761,956	43,957,988	41,992,190
Deferred inflows	30,729,677	20,503,066	14,711,965
Net position:			
Net investment in capital assets	34,536,468	33,607,320	30,159,135
Unrestricted amounts	18,192,403	3,670,175	6,976,108
Total net position	52,728,871	37,277,495	37,135,243
Total liabilities, deferred inflows, and net position	\$ 113,220,504	\$101,738,549	\$ 93,839,398

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



**WEST CALCASIEU-CAMERON HOSPITAL  
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2022**

The net position of the Hospital increased by \$15,451,376, from December 31, 2021 to December 31, 2022.

	2022	2021	2020
Operating revenues	\$ 77,779,686	\$ 75,411,752	\$ 74,037,056
Operating expenses	75,202,900	87,348,077	79,545,256
Operating income (loss)	2,576,786	(11,936,325)	(5,508,200)
Non-operating revenues (expenses)	12,874,590	12,078,577	11,963,362
Increase (decrease) in net position	\$ 15,451,376	\$ 142,252	\$ 6,455,162

**CAPITAL ASSET ADMINISTRATION**

**Capital Assets**

As of December 31, 2022, the Hospital had \$35,718,678, 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 increase (including additions and deductions) of \$332,256 or 1.0%, from last year.

	2022	2021	2020
Buildings and Improvements	\$ 55,435,002	\$ 51,955,118	\$ 48,829,029
Equipment	49,396,900	47,620,445	45,673,869
Construction in Progress	135,595	1,431,994	1,180,500
Land and Improvements	4,009,581	3,942,799	3,876,500
Right of Use Assets	4,626,942	4,626,942	4,626,942
Less Accumulated Depreciation	(74,378,092)	(74,190,876)	(71,436,007)
Totals	\$ 35,718,678	\$ 35,386,422	\$ 32,750,833

This year's significant capital additions included above are:

- Carlyss Medical Clinic \$ 1,652,466
- Cath Lab Renovations \$ 1,993,959
- Nurse Call Upgrade \$ 375,582
- Angiography System \$ 791,921
- Dynamic Dimensions East Renovations \$ 424,966

**WEST CALCASIEU-CAMERON HOSPITAL  
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2022**

**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 Janie D. Fruge, Chief Executive Officer, West Calcasieu-Cameron Hospital.

**WEST CALCASIEU-CAMERON HOSPITAL  
HOSPITAL SERVICE DISTRICT  
Sulphur, Louisiana  
Statements of Net Position  
As of December 31,**

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,375,510	\$ 3,066,747
Assets whose use is limited-cash equivalents:		
By board required for operations	12,340,409	14,289,619
Accounts receivable from patients	14,062,196	13,418,026
Less allowance for uncollectible accounts	(3,378,891)	(4,006,958)
Interest receivable	3,436	3,436
Property taxes receivable	9,970,360	9,988,577
Other receivables	890,388	1,326,715
Due from Medicare and Medicaid - cost report settlement	1,184,496	999,909
Inventories	2,293,448	2,535,731
Prepaid expenses	2,255,424	2,674,788
Other current assets	226,396	202,393
<b>Total Current Assets</b>	<b>42,223,172</b>	<b>44,498,983</b>
<b>Property, Plant and Equipment</b>		
Construction-in-progress	135,595	1,431,994
Buildings and improvements	55,435,002	51,955,118
Equipment	49,396,900	47,620,445
Land and improvements	4,009,581	3,942,799
Right of use assets	4,626,942	4,626,942
Less allowance for amortization - right-of-use assets	(3,507,250)	(3,044,556)
Less allowance for depreciation	(74,378,092)	(71,146,320)
<b>Net Property, Plant and Equipment</b>	<b>35,718,678</b>	<b>35,386,422</b>
<b>Other Assets</b>		
Net pension asset	21,821,317	7,639,445
<b>TOTAL ASSETS</b>	<b>99,763,167</b>	<b>87,524,850</b>
<b>DEFERRED OUTFLOWS</b>		
Deferred outflows of resources related to OPEB	7,319,101	5,728,851
Deferred outflows of resources related to pensions	6,138,236	8,484,848
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>13,457,337</b>	<b>14,213,699</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 113,220,504</b>	<b>\$ 101,738,549</b>

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

**WEST CALCASIEU-CAMERON HOSPITAL  
HOSPITAL SERVICE DISTRICT  
Sulphur, Louisiana  
Statements of Net Position (Continued)  
As of December 31,**

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,145,821	\$ 8,398,522
Accrued compensation and retirement	4,602,599	3,953,978
Accrued health insurance benefits	348,238	326,360
Other accrued expenses	57,330	62,478
Deferred revenue	53,370	73,370
Due within one year - right of use liability	594,686	596,892
<b>Total Current Liabilities</b>	<u>8,802,044</u>	<u>13,411,600</u>
<b>Long-Term Liabilities</b>		
Due in more than one year - right of use liability	587,524	1,182,210
Other post-employment benefits	20,372,388	29,364,178
Net pension liability	-	-
<b>Total Long-Term Debt</b>	<u>20,959,912</u>	<u>30,546,388</u>
<b>TOTAL LIABILITIES</b>	<u>29,761,956</u>	<u>43,957,988</u>
<b>DEFERRED INFLOWS</b>		
Deferred inflows of resources related to OPEB	10,228,328	3,706,816
Deferred inflows of resources related to pensions	20,501,349	16,796,250
<b>TOTAL DEFERRED INFLOWS</b>	<u>30,729,677</u>	<u>20,503,066</u>
<b>NET POSITION</b>		
Net investment in capital and right of use assets	34,536,468	33,607,320
Unrestricted amounts	18,192,403	3,670,175
<b>TOTAL NET POSITION</b>	<u>52,728,871</u>	<u>37,277,495</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<u>\$ 113,220,504</u>	<u>\$ 101,738,549</u>

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

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

	<b>2022</b>	<b>2021</b>
<b>PATIENT SERVICE REVENUE</b>		
Gross patient service revenue - nursing	\$ 68,269,882	\$ 63,557,612
Gross patient service revenue - other professional services	139,062,106	136,015,986
Less: contractual allowances and discounts	(140,588,899)	(131,582,549)
	66,743,089	67,991,049
Less: provision for uncollectible accounts	(6,052,144)	(6,449,096)
Net Patient Service Revenue	60,690,945	61,541,953
<b>OTHER REVENUE</b>		
Cafeteria and vending machines	325,180	317,904
Record room and miscellaneous	10,022	8,471
Donations	61,355	15,187
Federal grants	67,569	1,535,275
Other revenues	16,624,615	11,992,962
Total Other Revenue	17,088,741	13,869,799
<b>TOTAL REVENUE</b>	<b>77,779,686</b>	<b>75,411,752</b>
<b>OPERATING EXPENSES</b>		
Nursing expenses	17,680,388	18,265,782
Other professional service expenses	36,187,007	33,371,396
General service expenses	5,207,179	4,872,605
Fiscal and administrative services expenses	12,116,253	27,168,441
Depreciation and amortization expense	3,994,078	3,648,297
Interest expense on right of use leases	17,995	21,556
Total Operating Expenses	75,202,900	87,348,077
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>2,576,786</b>	<b>(11,936,325)</b>
<b>NON-OPERATING REVENUE AND (EXPENSES)</b>		
Ad valorem taxes	9,801,057	9,116,422
Rent income	331,785	325,986
Investment income	75,455	100,531
Gain (loss) on disposal of assets	(7,564)	(55,495)
Miscellaneous	2,673,857	2,591,133
Total Non-Operating Revenue and (Expenses)	12,874,590	12,078,577
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 15,451,376</b>	<b>\$ 142,252</b>

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

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

	<b>2022</b>	<b>2021</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	\$ 37,277,495	\$ 37,135,243
<b>INCREASE (DECREASE) IN NET POSITION</b>	15,451,376	142,252
<b>NET POSITION - END OF YEAR</b>	\$ 52,728,871	\$ 37,277,495

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

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Statements of Cash Flows**  
**For The Years Ended December 31,**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities:</b>		
Receipts from patients and users	\$ 77,387,256	\$ 82,070,943
Payments to suppliers and others	(44,347,632)	(43,828,107)
Payments to employees and benefits	(43,708,823)	(41,950,284)
Interest paid	(17,995)	(21,556)
Net Cash Provided (Used) by Operating Activities	(10,687,194)	(3,729,004)
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Payment for capital expenditures	(4,257,045)	(6,369,044)
Proceeds from sale of capital assets	311	6,665
Principal payments under right of use lease obligations	(596,892)	(610,369)
Other	2	(7,002)
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,853,624)	(6,979,750)
<b>Cash Flows From Investing Activities:</b>		
Investment income	75,455	100,531
Cash received for ad valorem taxes	9,819,274	9,819,752
Rent income	331,785	325,986
Miscellaneous	2,673,857	2,591,133
Net Cash Provided (Used) by Investing Activities	12,900,371	12,837,402
<b>Net Increase (Decrease) in Cash</b>	(2,640,447)	2,128,648
<b>Cash and Cash Equivalents - Beginning of Year</b>	17,356,366	15,227,718
<b>Cash and Cash Equivalents - End of Year</b>	\$ 14,715,919	\$ 17,356,366

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

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Statements of Cash Flows (Continued)**  
**For The Years Ended December 31,**

	<b>2022</b>	<b>2021</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 2,576,786	\$ (11,936,325)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization	3,994,078	3,648,297
Provisions for losses on accounts receivable, net	(628,067)	1,037,412
(Increase) decrease in receivables	(644,170)	(2,374,276)
(Increase) decrease in inventory	242,283	(579,076)
(Increase) decrease in prepaid expenses	419,364	(1,172,504)
(Increase) decrease in other receivables	251,740	8,811,937
(Increase) decrease in other current assets	(24,003)	(163,066)
(Increase) decrease in net pension asset	(14,181,872)	(7,639,445)
Increase (decrease) in accounts payable and other accrued expenses	(4,684,516)	743,775
Increase (decrease) in net pension liability	-	(213,650)
Increase (decrease) in deferred inflows	10,226,611	5,791,101
(Increase) decrease in deferred outflows	756,362	(1,759,226)
Increase (decrease) in accrued OPEB payable	(8,991,790)	2,076,042
Total Adjustments	(13,263,980)	8,207,321
Net Cash Provided (Used) by Operating Activities	\$ (10,687,194)	\$ (3,729,004)
 <b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid for interest	\$ 17,995	\$ 21,556
 <b>Cash and Cash Equivalents:</b>		
Unrestricted	\$ 2,375,510	\$ 3,066,747
Assets whose use is limited	12,340,409	14,289,619
	\$ 14,715,919	\$ 17,356,366

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



**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Note 1 - Organization and Summary of Significant Accounting Policies**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The West Calcasieu-Cameron Hospital is owned and operated by the Calcasieu-Cameron Hospital Service District. 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.

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.

Fund Accounting - The accounts of the Hospital are organized on the basis of a proprietary fund, which is considered a separate accounting entity or enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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.

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.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

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

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 3.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

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

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.

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

	Life
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.

Cash and Cash Equivalents - The Hospital considers all short-term investments with an original maturity of three months or less to be cash equivalents.

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.

Advertising Expense - The Hospital expenses the cost of advertising as the expense is incurred. For the years ended December 31, 2022 and 2021, the cost totaled \$2,905 and \$5,099, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources - In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**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.

The Hospital's composition of assets whose use is limited is as follows:

	2022 Fair Value	2021 Fair Value
Money Market	\$ 12,340,409	\$ 14,289,619

**Note 3 - Contingencies**

The Hospital is self-insured for employee medical benefits. Under this arrangement, 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 \$225,000.

In August 2020 and October 2020, Hurricanes Laura and Delta inflicted extensive damage to the Hospital's buildings. The Organization has restored the various buildings and has incurred significant costs which has been partially reimbursed by their commercial property insurance policy. The 2020 financial statements included impairment losses resulting from Hurricane Laura and Delta damages totaling \$1,443,305. The impairment loss only considers the complete loss of various building components including the roof, flooring, and air conditioning systems. The impairment loss was calculated and valued based on the historical original cost of the aforementioned destroyed building components: roof, flooring, and air conditioning systems. The restorative efforts of the other damages to the Hospital's various properties were considered repairs and expensed as incurred. Restorative expenditures included in repairs total \$5,724,856 and \$1,888,018, during the years ended December 31, 2021 and 2020, respectively. There were no additional hurricane related restorative expenditures during the year ended December 31, 2022.

The Hospital has filed insurance claims and has collected insurance reimbursements of \$5,735,666 and \$2,879,077 during the years ended December 31, 2021, 2020, respectively. The Organization is not expecting to receive any further insurance reimbursements related to the hurricanes.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 4 - 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 are as follows for December 31,

	<u>2022</u>	<u>2021</u>
Frank LaBarbera	\$ 2,400	\$ 3,300
Robert Davidson	3,300	3,300
Bobby LeTard	3,300	3,300
Joseph Devall	1,200	2,700
Rickey Watson	<u>3,300</u>	<u>3,300</u>
Total	<u>\$ 13,500</u>	<u>\$ 15,900</u>

**Note 5 - Accrued Compensation**

Accrued payroll for the years ended December 31, 2022 and 2021, paid in the subsequent year, totaled \$693,782 and \$547,738, respectively. Accrued compensated absences totaled \$1,733,459 and \$1,582,484 for the years ended December 31, 2022 and 2021, respectively, and has been accrued at the employees' present salary levels for vacation time earned.

**Note 6 - Right of Use Assets and Liabilities**

The Hospital has entered into six noncancellable lease agreements as lessee for various buildings. These lease agreements were entered between January 1, 2014 and July 1, 2019. All of these agreements have a 10 year lease term. The estimated interest rates for these leases range from 3.65% to 4.37%.

The Hospital recognized a lease liability and an intangible right-to-use lease asset in their financial statements. They recognized lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Hospital initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the term of the lease.

The above activity resulted in a reduction of beginning net position for December 31, 2021 of \$202,227.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

*Note 6 - Right of Use Assets and Liabilities (Continued)*

Key estimates and judgments related to leases include how the Hospital determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Hospital uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Hospital generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Hospital is reasonably certain to exercise.

The Hospital monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-of-use assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Right-of-use assets and amortization activity as of and for the year ended December 31, 2022, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Right-of-Use Assets:				
Buildings	\$ 4,626,942	\$ -0-	\$ -0-	\$ 4,626,942
Less, Accumulated Amortization:				
Buildings	<u>(3,044,556)</u>	<u>(462,694)</u>	<u>-0-</u>	<u>(3,507,250)</u>
Net Right-of-Use Assets	<u>\$ 1,582,386</u>	<u>\$ (462,694)</u>	<u>\$ -0-</u>	<u>\$ 1,119,692</u>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 6 - Right of Use Assets and Liabilities (Continued)**

Right-of-use assets and amortization activity as of and for the year ended December 31, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Right-of-Use Assets:				
Buildings	\$ 4,626,942	\$ -0-	\$ -0-	\$ 4,626,942
Less, Accumulated Amortization:				
Buildings	<u>(2,581,862)</u>	<u>(462,694)</u>	<u>-0-</u>	<u>(3,044,556)</u>
Net Right-of-Use Assets	<u>\$ 2,045,080</u>	<u>\$ (462,694)</u>	<u>\$ -0-</u>	<u>\$ 1,582,386</u>

The changes in right-of-use lease liabilities for December 31, 2022 are as follows:

Beginning Right-of-Use Liabilities	\$ 1,779,102
Increases	-0-
Decreases	<u>(596,892)</u>
Ending Right-of-Use Liabilities	<u>\$ 1,182,210</u>

The changes in right-of-use lease liabilities for December 31, 2021 are as follows:

Beginning Right-of-Use Liabilities	\$ 2,389,471
Increases	-0-
Decreases	<u>(610,369)</u>
Ending Right-of-Use Liabilities	<u>\$ 1,779,102</u>

The annual debt service requirements to maturity for these right-of-use liabilities are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 594,689	\$ 192,782	\$ 787,471
2024	190,321	83,872	274,193
2025	132,823	56,216	189,039
2026	91,788	42,250	134,038
2027	84,203	44,835	129,038
2028-2029	<u>88,386</u>	<u>52,897</u>	<u>141,283</u>
Total	<u>\$ 1,182,210</u>	<u>\$ 472,852</u>	<u>\$ 1,655,062</u>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

*Note 7 - Capital Assets*

The Hospital's capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,480,659	\$ 35,300	\$ -0-	\$ 2,515,959
Construction in progress	1,431,994	2,738,785	(4,035,184)	135,595
Total capital assets not being depreciated	<u>3,912,653</u>	<u>2,774,085</u>	<u>(4,035,184)</u>	<u>2,651,554</u>
Capital assets being depreciated and amortized:				
Buildings	37,062,862	1,796,304	(60,000)	38,799,166
Building improvements	14,892,256	1,758,352	(14,772)	16,635,836
Land improvements	1,462,140	31,482	-0-	1,493,622
Equipment	47,620,445	2,009,171	(232,716)	49,396,900
Right of use assets	4,626,942	-0-	-0-	4,626,942
Total capital assets being depreciated and amortized	105,664,645	5,595,309	(307,488)	110,952,466
Less accumulated depreciated and amortization	<u>(74,190,876)</u>	<u>(3,994,080)</u>	<u>299,614</u>	<u>(77,885,342)</u>
Total capital assets being depreciated and amortized, net	<u>31,473,769</u>	<u>1,601,229</u>	<u>(7,874)</u>	<u>33,067,124</u>
Total capital assets, net	<u>\$ 35,386,422</u>	<u>\$ 4,375,314</u>	<u>\$ (4,043,058)</u>	<u>\$ 35,718,678</u>



**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 7 - Capital Assets (Continued)**

The Hospital's capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,480,659	\$ -0-	\$ -0-	\$ 2,480,659
Construction in progress	1,180,500	1,695,010	(1,443,516)	1,431,994
Total capital assets not being depreciated	<u>3,661,159</u>	<u>1,695,010</u>	<u>(1,443,516)</u>	<u>3,912,653</u>
Capital assets being depreciated and amortized:				
Buildings	37,125,728	356,988	(419,854)	37,062,862
Building improvements	11,703,301	3,232,659	(43,704)	14,892,256
Land improvements	1,395,841	72,365	(6,066)	1,462,140
Equipment	45,673,869	2,453,739	(507,163)	47,620,445
Right of use assets	4,626,942	-0-	-0-	4,626,942
Total capital assets being depreciated and amortized	100,525,681	6,115,751	(976,787)	105,664,645
Less accumulated depreciated and amortization	<u>(71,898,701)</u>	<u>(3,208,600)</u>	<u>916,425</u>	<u>(74,190,876)</u>
Total capital assets being depreciated and amortized, net	<u>28,626,980</u>	<u>2,907,151</u>	<u>(60,362)</u>	<u>31,473,769</u>
Total capital assets, net	<u>\$ 32,288,139</u>	<u>\$ 4,602,161</u>	<u>\$ (1,503,878)</u>	<u>\$ 35,386,422</u>

**Note 8- Parochial Employees' Retirement System Pension Plan**

**Plan Description**

The Parochial Employees' Retirement System of Louisiana (System) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was originally established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana.

The System provides retirement benefits to employees of any parish within the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Hospital is a participating member of Plan A.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 8- Parochial Employees Retirement System Pension Plan (Continued)**

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Eligibility Requirements**

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

**Retirement Benefits**

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 8- Parochial Employees Retirement System Pension Plan (Continued)**

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

**Survivor Benefits**

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes. Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

**Deferred Retirement Option Plan**

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 8-**      **Parochial Employees Retirement System Pension Plan (Continued)**

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

**Disability Benefits**

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, to age sixty for those members who are enrolled prior to January 1, 2007 and to age sixty-two for those members who are enrolled January 1, 2007 and later.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 8-**      **Parochial Employees Retirement System Pension Plan (Continued)**

**Cost of Living Increases**

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

**Employer Contributions**

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2021, the actuarially determined contribution rate was 10.38% of member's compensation for Plan A and 7.07% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2022 was 12.25% for Plan A and 7.50% for Plan B. The actual rate for the fiscal year ending December 31, 2021 was 12.25% for Plan A and 7.50% for Plan B.

According to state statute, the System also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

The payroll for the Hospital employees covered by the system for the year ended December 31, 2022 and 2021 was \$31,227,449 and \$30,537,194; the Hospital's total payroll for 2022 and 2021 was \$35,646,513 and \$35,136,550, respectively. As of December 31, 2022, the total amount owed to the Parochial Retirement System was \$1,800,957 for October through December 2022 contributions.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 8- Parochial Employees Retirement System Pension Plan (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2022, the Hospital reported overfunding of \$21,821,317 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension asset used to calculate the net pension asset was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan. The employers' contribution effort was actuarially determined by the System's actuary.

For the year ended December 31, 2022, the Hospital recognized a pension expense (credit) of \$(707,063). At December 31, 2022, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 1,318,413	\$ 1,581,538
Net difference between projected and actual earnings on pension plan investments	-	18,875,063
Changes in assumptions	1,138,026	-
Differences between Hospital contributions and proportionate share of contributions	69,922	44,748
Hospital contributions made subsequent to the measurement date	3,611,875	-
<b>Total</b>	<b>\$ 6,138,236</b>	<b>\$ 20,501,349</b>

The Hospital's contributions during the year ended December 31, 2022, reported as deferred outflows of \$3,611,875, subsequent to the measurement date, will be recognized as reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2023	\$(3,562,546)
2024	(7,408,484)
2025	(4,980,810)
2026	(2,023,148)

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 8- Parochial Employees Retirement System Pension Plan (Continued)**

**Actuarial Methods and Assumptions**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2021 are as follows:

Valuation Date	December 31, 2021
Actuarial Cost Method	Plan A - Entry Age Normal Plan B – Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.40%, net of investment expense, with inflation
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A - 4.75% (2.3% Inflation, 2.45% Merit) Plan B – 4.25% (2.3% Inflation, 1.95% Merit)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Inflation Rate	2.30%

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 8- Parochial Employees Retirement System Pension Plan (Continued)**

The discount rate used to measure the total pension liability was 6.40% for Plan A and Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2021.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	33%	0.85%
Equity	51%	3.23%
Alternatives	14%	0.71%
Real assets	2%	0.11%
Totals	<u>100%</u>	<u>4.90%</u>
Inflation		<u>2.10%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>



**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 8- Parochial Employees Retirement System Pension Plan (Continued)**

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set to Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

**Sensitivity to Changes in Discount Rate**

The following presents the net pension liability/asset of the participating employers calculated using the discount rate of 6.40%, as well as what the employers' net pension liability/asset would be if it were calculated using a discount rate that is one percentage point lower 5.40% or one percentage point higher 7.40% than the current rate.

1% Decrease	Current Discount Rate	1% Increase
5.40%	6.40%	7.40%
Net Pension Liability	Net Pension Asset	Net Pension Asset
\$3,890,321	\$(21,821,317)	\$(43,359,522)

**Retirement System Audit Report**

The Parochial Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended December 31, 2021. Access to the report can be found on the Louisiana Legislative Auditor's website, [www.lla.la.gov](http://www.lla.la.gov).

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 9- Cash, Cash Equivalents, Certificates of Deposit and Other Investments**

Under Louisiana Revised Statutes 33:2955, the Hospital may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having principal offices in Louisiana. Additionally, Louisiana statutes allow the Hospital to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, highly rated investment grade commercial paper, and mutual or trust funds registered with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies.

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.

At December 31, 2022, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$14,715,919. Of that balance, \$12,340,409 is included in Assets Whose Use is Limited (Note 2).

At December 31, 2021, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$17,356,366. Of that balance, \$14,289,619 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. 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 by the pledging financial institution's trust department or agent, in the Hospital's name.

Custodial Credit Risk is the risk that in the event of bank failure, the Hospital's deposits may not be returned. The Hospital deposits its cash with high quality financial institutions, and management believes the Hospital is not exposed to significant credit risk.

At December 31, 2022, the Hospital has \$15,807,743 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$15,818,668 of pledged securities held in a custodial bank in the Hospital's name.

At December 31, 2021, the Hospital has \$18,458,784 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$20,783,176 of pledged securities held in a custodial bank in the Hospital's name.

Interest Rate Risk is the risk that changes in the interest rate will adversely affect the fair value of the investment. At December 31, 2022 and 2021, the Hospital did not have investments in any debt instruments.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 10- Prior Year Balances**

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

**Note 11- 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>2022</u>	<u>2021</u>
Medicare	8 %	11 %
Medicaid	7	6
Other	85	83
	<u>100 %</u>	<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2022</u>	<u>2021</u>
Medicare	39 %	37 %
Medicaid	16	14
Other	45	49
	<u>100 %</u>	<u>100 %</u>

**Note 12- Other Postemployment Benefits (OPEB)**

The Hospital implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). This Statement addresses the fact that certain postemployment benefits other than pensions are related to employee services and salaries received presently but that will benefit the employee in the future – upon retirement – and whose costs will be borne by the Hospital in the future. The Statement also attempts to quantify the future “retirement” costs that have been earned by the employee during his/her active years of employment. The Hospital will finance the postemployment benefits on a “pay-as-you-go” basis. GASB Statement 75 requires that the liability be recognized in the financial statements for the actuarial determined portion of the projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service. The notes to the financial statements contain other required disclosure information from GASB Statement 75.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 12- Other Postemployment Benefits (OPEB) (Continued)**

The Hospital contracted with a third-party consultant to perform the actuarial valuation required by GASB Statement No. 75 as of December 31, 2022 with a measurement date of December 31, 2022. For the Hospital plan, the actuarial valuation is required every other year, therefore, the actuarial valuation prepared will be utilized for the two-year periods of 2022 and 2023 with the inclusion of the appropriate second year adjustments. The 2022 valuation included a change in assumption for an increase in the discount rate (described in the table below).

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

Plan Description: The Hospital provides medical benefits to eligible retired Hospital employees, that were hired on or before January 31, 2009 and their beneficiaries. The plan is a single-employer plan administered by Blue Cross Blue Shield and has been implemented prospectively.

Funding Policy: The contribution requirements of plan members and the Hospital are established by the board. Hospital eligible retirees receiving benefits contributed \$412,201 to the plan for 2022. Contribution rates for retirees ranged from \$215 to \$1,442 per month based on age and coverage for 2022.

The Hospital contributed \$561,294 (net of retirees' contributions) to the plan for 2022.

Actuarial Methods and Assumptions: The Total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Measurement date	December 31, 2022
Actuarial Valuation Date	December 31, 2022
Inflation	2.50%
Salary increases, including inflation	3.00%
Discount rate	4.05%
Prior year discount rate	1.84%
Health care cost trend rates	See Appendix E of Actuary Report
Retirees' share of benefit related costs	See Appendix E of Actuary Report

The discount rate was based on the 12/31/22 Fidelity General Obligation AA 20 year yield.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 12- Other Postemployment Benefits (OPEB) (Continued)**

Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

OPEB Plan – Number of Employees Covered:

Inactive employees currently receiving benefit payments	113
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>93</u>
 Total	 <u>206</u>

Changes in Total OPEB Liability

Balance at 12/31/2021	\$ 29,364,178
Changes for the year:	
Service Cost	507,483
Interest	543,261
Differences between expected and actual	(1,240,712)
Changes in assumptions/inputs	(8,240,529)
Change in benefit terms	0-
Benefit payments	(561,294)
Administrative expense	-0-
Net Changes	<u>(8,991,790)</u>
Balance at 12/31/2022	\$ 20,372,388

Sensitivity of the Total OPEB Liability

		1% Decrease	No Change	1% Increase
Discount Rate		\$23,861,589	\$20,372,388	\$17,560,555
Healthcare Cost Trend Rates		\$17,391,289	\$20,372,388	\$24,151,115

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 12- Other Postemployment Benefits (OPEB) (Continued)**

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

OPEB Expense			
Service Cost			\$ 507,483
Interest on Liabilities			543,261
Difference between Actual and Expected Experience			(1,053,591)
Changes in Assumptions / Inputs			(315,888)
Changes in Benefit Terms			-0-
Total OPEB Expense			<u>\$ (318,735)</u>
Deferred Outflows and Inflows		Outflows	Inflows
Differences between actual and expected experience		\$ -0-	\$ 3,377,873
Changes of assumptions or other inputs		4,138,601	6,850,455
Employer amounts for OPEB subsequent to measurement date		-0-	-0-
Total Deferred Outflows and Inflows		<u>\$ 4,138,601</u>	<u>\$ 10,228,328</u>

Amounts reported and deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized in OPEB expense as follows:

Year Ended December 31:	
2023	\$ (1,369,476)
2024	\$ (1,088,448)
2025	\$ (1,989,683)
2026	\$ (1,642,119)
2027	\$ -0-
Thereafter	\$ -0-

**Note 13- Ad Valorem Taxes**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by both Calcasieu and Cameron Parishes in September or October and are normally billed to the taxpayers in November. Billed taxes would then become delinquent on January 1 of the following year.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 13-**      **Ad Valorem Taxes (Continued)**

For the years ended December 31, 2022 and 2021, taxes of 6.95 mills were levied on property with net assessed valuations totaling \$1,489,281,414 and \$1,370,917,313 for Calcasieu Parish and \$120,947,291 and \$113,737,730 for Cameron Parish, respectively. Total taxes levied were \$11,191,090 and \$10,318,353 for the years ended December 31, 2022 and 2021. Taxes receivable at December 31, 2022 and 2021 were \$9,970,360 and \$9,988,577, all of which were considered collectible. The 6.95 mills were dedicated for the Maintenance Fund for both years.

**Note 14-**      **Allowance for Doubtful Accounts**

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

**Note 15-**      **Subsequent Events**

The Hospital evaluated its December 31, 2022 financial statements for subsequent events through the date the financial statements were available to be issued. The Hospital is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 16- 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. The Hospital is a member of the Louisiana Patients' Compensation Fund and therefore, under current Louisiana law, its liability is limited to the statutory maximum of \$500,000 which is covered by a primary \$100,000 with the Louisiana Hospital Association Malpractice and General Liability Trust, and an additional \$400,000 through the State of Louisiana, Patients' Compensation Fund.

Incidents occurring through December 31, 2022 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 as discussed in the above paragraph.

**Note 17- Charity Care**

The Hospital provides care to patients who qualify under federal guidelines and other policies of the Hospital at fees less than established rates. The amount of charity care is reduced from the amount of fees for services presented in the statement of revenues and expenses. The amount of charity care for disclosure purposes should be measured by costs, including direct and indirect costs. Management has calculated the costs associated with providing charity care utilizing the cost to charge ratio obtained from the Medicare cost report data. The amount of costs associated with charity care for the year ending December 31, 2022 and 2021 was \$410 and \$6,839, respectively.

**Note 18- Investments Measured at Fair Value**

The Hospital applies GASB 72 for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. The hierarchy is based on the valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Public Funds Money Market      \$ 12,340,409 (Level 2 inputs)



**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

*Note 19- Construction in Progress*

The Hospital has various construction projects in progress at December 31, 2022. The following is a schedule of the most significant project.

	Estimated Total Costs	Cost Incurred to Date	Estimated Completion Date
Blood Bank Upgrade	\$ 238,779	\$ 12,054	June 2023

**REQUIRED SUPPLEMENTARY INFORMATION**

**WEST CALCASIEU CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedule of Changes to Total OPEB Liability**  
**and Related Ratios**  
**For The Year Ended December 31, 2022**

<b>Total OPEB Liability</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Service Cost	\$ 415,641	\$ 377,930	\$ 867,141	\$ 481,194	\$ 507,483
Interest	774,754	831,873	791,217	549,464	543,262
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual	(137,991)	(35,748)	(4,533,455)	(125,495)	(1,240,712)
Changes in assumptions or other inputs	(1,548,192)	5,104,128	2,448,089	1,650,255	(8,240,529)
Benefit payments	(505,671)	(395,370)	(409,884)	(479,376)	(561,294)
Net Change in Total OPEB Liability	<u>(1,001,459)</u>	<u>5,882,813</u>	<u>(836,892)</u>	<u>2,076,042</u>	<u>(8,991,790)</u>
Total OPEB Liability - beginning	<u>23,243,674</u>	<u>22,242,215</u>	<u>28,125,028</u>	<u>27,288,136</u>	<u>29,364,178</u>
Total OPEB Liability - ending	<u>22,242,215</u>	<u>28,125,028</u>	<u>27,288,136</u>	<u>29,364,178</u>	<u>20,372,388</u>
Covered Employee Payroll	\$ 8,706,335	\$ 8,967,525	\$ 8,882,573	\$ 9,149,050	\$ 6,901,958
Total OPEB Liability as a percentage of covered employee payroll	255.5%	317.4%	307.2%	321.0%	295.2%
Notes to Schedule:					
Changes in Benefit Terms	None				
Changes in Assumptions	Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:				
	2018	3.71%			
	2019	2.75%			
	2020	2.00%			
	2021	1.84%			
	2022	4.05%			

The notes to financial statements are an integral part of this statement.

**WEST CALCASIEU CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Parochial Employees' Retirement System of Louisiana**  
**Schedule of the Hospital's Proportionate Share of the Net Pension Liability**  
**For The Year Ended December 31, 2022**

Year ended December 30,	Hospital's Proportion of the Net Pension Liability (Asset)	Hospital's Proportionate Share of the Net Pension Liability (Asset)	Hospital's Covered- Employee Payroll	Hospital's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	4.70%	\$ 335,884	\$ 25,772,718	1.30%	99.50%
2015	4.84%	\$ 1,323,131	\$ 26,491,469	4.99%	99.14%
2016	4.62%	\$ 12,162,185	\$ 27,157,674	44.78%	92.23%
2017	4.61%	\$ 9,501,449	\$ 27,962,600	33.98%	94.15%
2018	1.62%	\$ (3,344,280)	\$ 28,641,835	-11.68%	101.98%
2019	4.66%	\$ 20,682,956	\$ 28,782,585	71.86%	88.86%
2020	4.51%	\$ 213,650	\$ 30,735,472	0.70%	99.89%
2021	4.60%	\$ (7,639,445)	\$ 30,537,194	-25.02%	104.00%
2022	4.63%	\$ 21,821,317	\$ 31,227,449	69.88%	110.46%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

**WEST CALCASIEU CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Parochial Employees' Retirement System of Louisiana**  
**Schedule of the Hospital's Contributions**  
**For The Year Ended December 31, 2022**

Year ended December 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Hospital's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 4,123,635	\$ 4,123,635	\$ -	\$ 25,772,718	16.00%
2015	\$ 3,841,263	\$ 3,841,263	\$ -	\$ 26,491,469	14.50%
2016	\$ 3,528,277	\$ 3,528,277	\$ -	\$ 27,157,674	12.99%
2017	\$ 3,495,325	\$ 3,495,325	\$ -	\$ 27,962,600	12.50%
2018	\$ 3,293,811	\$ 3,293,811	\$ -	\$ 28,641,835	11.50%
2019	\$ 3,309,470	\$ 3,309,470	\$ -	\$ 28,782,585	11.50%
2020	\$ 3,761,920	\$ 3,761,920	\$ -	\$ 30,735,472	12.24%
2021	\$ 3,785,431	\$ 3,785,431	\$ -	\$ 30,537,194	12.40%
2022	\$ 3,611,875	\$ 3,611,875	\$ -	\$ 31,227,449	11.57%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

**OTHER SUPPLEMENTARY INFORMATION**

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

	<b>2022</b>	<b>2021</b>
<b>NURSING REVENUES - GROSS</b>		
Revenue from daily patient services		
Medical and surgical	\$ 11,401,364	\$ 9,008,360
Intensive care	6,906,322	7,258,916
Nursery	176,746	183,540
Total Revenue from Daily Patient Services	18,484,432	16,450,816
Operating room	10,950,426	9,320,914
Endoscopy	4,720,313	3,707,043
Delivery room	2,357,442	1,542,351
Recover room	2,286,488	2,042,105
Central supply	3,249,941	3,439,070
Emergency room	26,220,840	27,055,313
<b>TOTAL NURSING REVENUES - GROSS</b>	<b>\$ 68,269,882</b>	<b>\$ 63,557,612</b>

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

	<b>2022</b>	<b>2021</b>
<b>OTHER PROFESSIONAL SERVICE REVENUES - GROSS</b>		
Anesthesiology	\$ 1,674,773	\$ 1,771,550
Radiology	23,643,501	21,913,173
Laboratory	15,481,738	15,814,256
Cardiology. EKG and EEG	8,344,798	7,658,111
Physical therapy	1,720,760	1,628,220
Orthopedic	67,197	63,699
Nuclear medicine	1,494,654	1,408,201
Pharmacy	47,776,683	48,674,674
Respiratory therapy	5,073,086	7,731,774
Dietary - long term care	42,744	41,704
Ambulance service	11,360	13,166
Occupational therapy	579,386	661,294
Speech therapy	235,842	212,403
Housekeeping	3,380	3,425
Home health care	1,906,350	1,746,715
Therapeutic riding	392,339	367,123
Wellness center	944,520	533,867
Off site clinics	6,633,681	6,337,606
Outpatient testing	1,294,957	1,151,861
Wound healing	446,270	348,997
Diagnostic center	8,701,355	8,432,140
Sleep lab	676,475	264,700
Ear, nose. throat & aesthetic	2,419,931	1,292,901
Pulmonology clinic	1,401,463	2,003,356
Obstetrics and gynecology	2,409,679	2,691,591
Family practice	1,536,790	1,741,629
Community health center	4,148,394	1,507,850
<b>TOTAL OTHER PROFESSIONAL SERVICE REVENUES - GROSS</b>	<b>\$ 139,062,106</b>	<b>\$ 136,015,986</b>



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

	<b>2022</b>	<b>2021</b>
<b>NURSING EXPENSES</b>		
Nursing services - salaries	\$ 2,443,016	\$ 3,090,087
Nursing services - administrative salaries	951,470	1,036,511
Nursing services - expenses	807,123	1,159,964
Central supply - salaries	219,024	224,259
Central supply - expense	298,345	293,931
Operating room - salaries	1,753,257	1,546,343
Operating room - expenses	2,815,562	2,054,135
Endoscopy - salaries	198,169	128,815
Endoscopy - expenses	241,441	205,523
Delivery room - salaries	1,169,312	1,069,550
Delivery room - expenses	209,626	166,504
Nursery - salaries	285,996	279,893
Nursery - expenses	43,975	47,873
Recovery room - salaries	249,570	254,392
Recovery room - expenses	16,543	13,379
Intensive care - salaries	1,563,134	1,996,337
Intensive care - expenses	1,022,032	1,320,237
Emergency room - salaries	2,592,080	2,518,783
Emergency room - expenses	800,713	859,266
<b>TOTAL NURSING EXPENSES</b>	<b>\$ 17,680,388</b>	<b>\$ 18,265,782</b>

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

<b>OTHER PROFESSIONAL SERVICE EXPENSES</b>	<b>2022</b>	<b>2021</b>
Anesthesiology - expenses	\$ 126,667	\$ 100,125
Radiology - salaries	1,390,229	1,333,412
Radiology - expenses	986,727	654,605
Laboratory - salaries	1,900,769	1,861,261
Laboratory - expenses	2,312,242	2,464,790
Cardiology, EKG and EEG - salaries	625,976	606,821
Cardiology, EKG and EEG - expenses	654,269	758,392
Physical therapy - salaries	937,368	942,962
Physical therapy - expenses	40,032	44,173
Orthopedic room - expenses	15,430	19,341
Pharmacy - salaries	1,202,903	1,177,865
Pharmacy - expenses	6,334,183	4,991,845
Respiratory therapy - salaries	864,367	830,492
Respiratory therapy - expenses	244,412	362,262
Ambulance service - salaries	109,245	106,272
Ambulance service - expenses	58,699	38,835
Medical records - salaries	608,925	581,144
Medical records - expenses	167,846	203,271
Nuclear Medicine - salaries	91,409	89,766
Nuclear Medicine - expenses	121,764	142,069
Outpatient testing - salaries	272,265	241,484
Outpatient testing - expenses	46,771	36,309
Home health care - salaries	1,157,778	1,013,907
Home health care - expenses	214,228	247,761
Occupational therapy - salaries	230,883	224,872
Occupational therapy - expenses	3,073	1,004
Speech therapy - salaries	168,182	141,715
Speech therapy - expenses	-	3,987
Off site clinic - salaries	1,335,802	1,501,060
Off site clinic - expenses	3,204,381	3,133,251
Wellness center - salaries	643,099	607,568
Wellness center - expenses	343,415	222,688
Therapeutic riding - salaries	231,337	222,320
Therapeutic riding - expenses	46,581	39,689
Wound healing - salaries	69,600	92,477
Wound healing - expenses	75,629	86,113
Diagnostic center - salaries	336,530	305,768
Diagnostic center - expenses	549,128	538,540
Westlake diagnostic center - salaries	157,474	150,491
Westlake diagnostic center - expenses	128,984	112,091
Sleep lab - expenses	92,405	40,790
Ear, nose, throat and aesthetic - salaries	631,883	571,091
Ear, nose, throat and aesthetic - expenses	165,637	150,955
Pulmonology clinic - salaries	142,276	145,930
Pulmonology clinic - expenses	1,185,512	1,970,242
Obstetrics and gynecology - salaries	1,365,899	1,255,316
Obstetrics and gynecology - expenses	429,940	426,262
Family practice - salaries	842,167	947,360
Family practice - expenses	212,325	164,766
Community health center - salaries	1,132,873	570,032
Community health center - expenses	1,977,488	895,854
<b>TOTAL OTHER PROFESSIONAL SERVICE EXPENSES</b>	<b>\$ 36,187,007</b>	<b>\$ 33,371,396</b>

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

	<b>2022</b>	<b>2021</b>
<b>GENERAL SERVICE EXPENSES</b>		
Dietary - salaries	\$ 803,730	\$ 809,365
Dietary - food	280,130	271,877
Dietary - expenses	92,597	91,948
Housekeeping - salaries	766,174	684,932
Housekeeping - expenses	98,287	93,078
Laundry - salaries	213,659	235,370
Laundry - expenses	61,894	65,214
Operating and maintenance of plant - salaries	1,168,710	1,126,105
Operating and maintenance of plant - expenses	1,560,010	1,336,992
Medical staff services - salaries	123,435	130,810
Medical staff services - expenses	38,553	26,914
<b>TOTAL GENERAL SERVICE EXPENSES</b>	<b>\$ 5,207,179</b>	<b>\$ 4,872,605</b>

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

	<b>2022</b>	<b>2021</b>
<b>FISCAL AND ADMINISTRATIVE SERVICE EXPENSES</b>		
Administrative - salaries	\$ 4,990,569	\$ 4,590,894
Administrative - general expenses	9,103,804	14,878,424
Payroll taxes and benefits	(3,742,286)	6,365,140
Insurance and liability claims	1,764,166	1,333,983
<b>TOTAL FISCAL AND ADMINISTRATIVE SERVICE EXPENSES</b>	<b>\$ 12,116,253</b>	<b>\$ 27,168,441</b>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer**  
**Year Ended December 31, 2022**

**Agency Head: Janie Fruge, CEO**

<b>Purpose</b>	<b>Amount</b>
Salary	\$375,688
Benefits-insurance	14,238
Reimbursements - mileage	297
Conference travel	473
Conference lodging	776
Conference meals	2,176
Registration fees	1,255
Cell phone reimbursement	720

**Note: This schedule is included as supplementary information.**

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Calcasieu-Cameron Hospital as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise West Calcasieu-Cameron Hospital's financial statements as listed in the table of contents, and have issued our report thereon dated May 12, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered West Calcasieu-Cameron Hospital's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Calcasieu-Cameron Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of West Calcasieu-Cameron Hospital's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Commissioners  
West Calcasieu-Cameron Hospital  
Calcasieu-Cameron Hospital Service District  
Sulphur, Louisiana  
Page 2

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Legislative Auditor as a public document.

*Steven M. DeRouen & Associates*

Lake Charles, Louisiana  
May 12, 2023

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2022**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

Type of auditor’s report issued			Unmodified
Internal control over financial reporting:			
Material weaknesses identified?	<u>    </u>	Yes	<u>  X  </u> No
Significant deficiency identified not considered to be material weaknesses?	<u>    </u>	Yes	<u>  X  </u> None reported
Noncompliance material to financial statements noted?	<u>    </u>	Yes	<u>  X  </u> No

Federal Awards

Not Applicable

**SECTION II – FINDINGS AND RESPONSES**

None

**A separate management letter has been issued.**



**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedule of Prior Year Audit Findings**  
**December 31, 2022**

**PRIOR YEAR FINDINGS**

None

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of West Calcasieu-Cameron Hospital and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. West Calcasieu Cameron Hospital's management is responsible for those C/C areas identified in the SAUPs.

West Calcasieu Cameron Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***1) Written Policies and Procedures***

---

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- iii. **Disbursements**, including processing, reviewing, and approving.
- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*No exceptions were found as a result of these procedures.*

## **2) Board or Finance Committee**

---

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*No exceptions were found as a result of these procedures.*

## **3) Bank Reconciliations**

---

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Exception #3A(i): Noted two bank accounts had not been reconciled within 2 months of the related statement closing date.*

#### ***4) Collections (excluding electronic funds transfers)***

---

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

*No exceptions were found as a result of these procedures.*

***5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)***

---

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
  - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity; and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements

*Exception #5B(v): Electronic disbursements are not always approved by an employee authorized to sign checks.*

*Exception #5D: The 5 disbursements tested were not approved by an employee authorized to sign checks.*

## ***6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)***

---

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)<sup>1</sup>. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*No exceptions were found as a result of these procedures.*

## ***7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

---

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursement and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:



- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were found as a result of these procedures.*

### **8) Contracts**

---

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the document approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were found as a result of these procedures.*

## **9) Payroll and Personnel**

---

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*No exceptions were found as a result of these procedures.*

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

- ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*No exceptions were found as a result of these procedures.*

### ***11) Debt Service***

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*These procedures are not applicable to the entity. The entity did not have any debt outstanding during 2022.*

### ***12) Fraud Notice***

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions were found as a result of these procedures.*

### ***13) Information Technology Disaster Recovery/Business Continuity***

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- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*We performed the Information Technology Disaster Recovery/Business Continuity procedures and discussed the results with management.*

### ***14) Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

*No exceptions were found as a result of these procedures.*

### **Management's Responses**

**#3A(i) – The entity will perform bank reconciliations with 2 months of related statement closing date.**

**#5B(v), 5D – The entity will begin having electronic disbursement approved by an employee authorized to sign checks.**

We were engaged by West Calcasieu-Cameron Hospital to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of West Calcasieu-Cameron Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Steven M. DeRouen & Associates, LLC*

Lake Charles, Louisiana  
May 12, 2023