

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

Financial Statements
December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of West Calcasieu-Cameron Hospital as of and for the year ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Calcasieu-Cameron Hospital as of December 31, 2019 and 2018, 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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, and the information on pages 47 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Calcasieu-Cameron Hospital's basic financial statements. The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer-Louisiana Revised Statute 24:513A. (1) (a) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer-Louisiana Revised Statute 24:513A. (1) (a) is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 statement 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 my opinion, the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer-Louisiana Revised Statute 24:513A. (1) (a) is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated September 2, 2020, on my consideration of West Calcasieu-Cameron Hospital's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 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 internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
September 2, 2020

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2019**

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, 2019. 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.

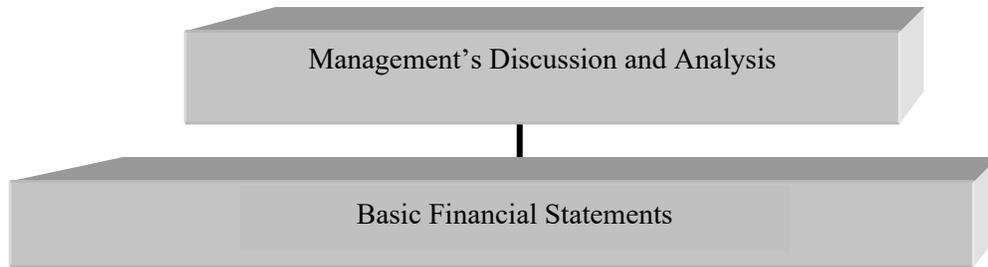
FINANCIAL HIGHLIGHTS

- ★ The Hospital’s assets and deferred outflows exceeded its liabilities and deferred inflows at the close of fiscal year 2019 by \$30,680,081 which represents a 15.3% decrease from last fiscal year. Of this amount, \$787,726 (unrestricted net position) may be used to meet the Hospital’s ongoing obligations to its users.

- ★ The Hospital’s net patient service revenue decreased \$466,295 (or 0.8%) and the total operating expenses increased by \$5,854,942 (or 8%).

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, 2019**

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

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY

	2019	2018	2017
Current and other assets	\$35,653,955	\$38,229,893	\$39,824,647
Capital assets	31,105,895	32,567,908	33,258,980
Total assets	66,759,850	70,797,801	73,083,627
Deferred outflows	22,977,230	7,788,709	13,268,938
Total assets and deferred outflows	89,737,080	78,586,510	86,352,565
Other liabilities	55,908,055	30,171,473	43,434,239
Long-term debt outstanding	712,688	871,290	3,221,263
Total liabilities	56,620,743	31,042,763	46,655,502
Deferred inflows	2,436,256	11,331,257	1,662,955
Net position:			
Net investment in capital assets	29,892,355	31,696,618	30,037,717
Amounts restricted for debt service	-	-	432,629
Unrestricted amounts	787,726	4,515,872	7,563,762
Total net position	30,680,081	36,212,490	38,034,108
Total liabilities, deferred inflows, and net position	\$89,737,080	\$78,586,510	\$86,352,565

Restricted net position amounts represent those assets that are not available for spending as a result of bond 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, 2019**

The net position of the Hospital decreased by \$5,951,362, from December 31, 2018 to December 31, 2019.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 63,575,508	\$ 62,722,829	\$ 62,558,662
Operating expenses	<u>79,035,604</u>	<u>73,180,662</u>	<u>75,578,738</u>
Operating income (loss)	<u>(15,460,096)</u>	<u>(10,457,833)</u>	<u>(13,020,076)</u>
Non-operating revenues (expenses)	<u>9,927,687</u>	<u>8,636,215</u>	<u>11,050,703</u>
Increase (decrease) in net position	<u>\$ (5,532,409)</u>	<u>\$ (1,821,618)</u>	<u>\$ (1,969,373)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2019, the Hospital had \$31,105,895, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, equipment, land improvements, and construction in progress. (See Table below). This amount represents a net decrease (including additions and deductions) of \$1,462,013 or 4.49%, from last year.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Buildings and Improvements	\$ 49,555,724	\$ 49,292,344	\$ 48,982,345
Equipment	44,126,467	43,834,482	42,673,784
Construction in Progress	477,005	39,469	178,960
Land and Improvements	3,874,739	3,749,621	3,692,581
Less Accumulated Depreciation	<u>(66,928,040)</u>	<u>(64,348,008)</u>	<u>(62,268,690)</u>
Totals	<u>\$ 31,105,895</u>	<u>\$ 32,567,908</u>	<u>\$ 33,258,980</u>

This year's significant capital additions included above are:

- Electronic Medical Records System \$ 129,320
- Carlyss Property \$ 125,119
- Fluoroscopy Unit \$ 357,861

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2019**

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,**

ASSETS	2019	2018
Current Assets		
Cash and cash equivalents	\$ 411,583	\$ 1,740,093
Assets whose use is limited-cash equivalents:		
By board required for operations	8,762,127	11,475,196
Assets whose use is limited:		
By board for capital improvements	1,500,000	-
Accounts receivable from patients	11,429,364	13,970,498
Less allowance for uncollectible accounts	(3,072,360)	(4,144,939)
Interest receivable	36,558	3,436
Other receivables	12,651,783	8,182,789
Due from Medicare and Medicaid - cost report settlement	445,898	-
Inventories	1,812,450	1,721,222
Prepaid expenses	1,670,703	1,411,304
Other current assets	5,849	849
Total Current Assets	35,653,955	34,360,448
Property, Plant and Equipment		
Construction-in-progress	477,005	39,469
Buildings and improvements	49,555,724	49,292,344
Equipment	44,126,467	43,834,482
Land and improvements	3,874,739	3,749,621
Less allowance for depreciation	(66,928,040)	(64,348,008)
Net Property, Plant and Equipment	31,105,895	32,567,908
Other Assets		
Assets whose use is limited:		
By board for capital improvements	-	525,165
Net pension asset	-	3,344,280
Total Other Assets	-	3,869,445
TOTAL ASSETS	66,759,850	70,797,801
DEFERRED OUTFLOWS		
Deferred outflows of resources related to pensions and OPEB	22,977,230	7,788,709
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 89,737,080	\$ 78,586,510

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,**

	2019	2018
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 2,734,160	\$ 3,014,980
Accrued compensation and retirement	3,728,188	3,697,222
Accrued health insurance benefits	296,541	665,314
Other accrued expenses	73,404	80,572
Deferred revenue	268,278	71,325
Due to Medicare and Medicaid - cost report settlement	-	399,845
Due within one year - capital lease	166,070	158,602
Total Current Liabilities	7,266,641	8,087,860
Long-Term Liabilities		
Due in more than one year - capital lease	546,618	712,688
Other post-employment benefits	28,125,028	22,242,215
Net pension liability	20,682,456	-
Total Long-Term Debt	49,354,102	22,954,903
TOTAL LIABILITIES	56,620,743	31,042,763
DEFERRED INFLOWS		
Deferred inflows of resources related to pensions and OPEB	2,436,256	11,331,257
NET POSITION		
Net investment in capital assets	29,892,355	31,696,618
Unrestricted amounts	787,726	4,515,872
TOTAL NET POSITION	30,680,081	36,212,490
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 89,737,080	\$ 78,586,510

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,**

	2019	2018
PATIENT SERVICE REVENUE		
Gross patient service revenue - nursing	\$ 60,427,001	\$ 53,317,441
Gross patient service revenue - other professional services	127,153,532	139,374,099
Less: contractual allowances and discounts	(123,825,198)	(124,987,720)
	63,755,335	67,703,820
Less: provision for uncollectible accounts	(8,544,836)	(12,027,026)
Net Patient Service Revenue	55,210,499	55,676,794
OTHER REVENUE		
Cafeteria and vending machines	339,157	378,612
Record room and miscellaneous	12,521	12,653
Donations	45,101	-
Other revenues	7,968,230	6,654,770
Total Other Revenue	8,365,009	7,046,035
TOTAL REVENUE	63,575,508	62,722,829
OPERATING EXPENSES		
Nursing expenses	14,989,954	15,301,833
Other professional service expenses	31,075,700	30,006,871
General service expenses	4,597,437	4,764,563
Fiscal and administrative services expenses	24,896,080	19,297,649
Depreciation expense	3,436,691	3,784,401
Interest expense on bonds	-	18,967
Interest expense on leases	39,742	6,378
Total Operating Expenses	79,035,604	73,180,662
INCOME (LOSS) FROM OPERATIONS	(15,460,096)	(10,457,833)
NON-OPERATING REVENUE AND (EXPENSES)		
Ad valorem taxes	8,656,981	7,363,384
Rent income	441,485	729,289
Investment income	316,117	218,571
Gain (loss) on disposal of assets	(4,171)	64,678
Miscellaneous	517,275	260,293
Total Non-Operating Revenue and (Expenses)	9,927,687	8,636,215
INCREASE (DECREASE) IN NET POSITION	\$ (5,532,409)	\$ (1,821,618)

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,**

	2019	2018
NET POSITION - BEGINNING OF YEAR	\$ 36,212,490	\$ 38,034,108
INCREASE (DECREASE) IN NET POSITION	(5,532,409)	(1,821,618)
NET POSITION - END OF YEAR	\$ 30,680,081	\$ 36,212,490

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,

	2019	2018
Cash Flows From Operating Activities:		
Receipts from patients and users	\$ 65,455,955	\$ 67,473,833
Payments to suppliers and others	(33,689,696)	(32,797,582)
Payments to employees and benefits	(41,360,408)	(40,697,738)
Interest paid	(39,742)	(63,278)
Net Cash Provided (Used) by Operating Activities	(9,633,891)	(6,084,765)
Cash Flows From Capital and Related Financing Activities:		
Payment for capital expenditures	(1,979,668)	(2,312,215)
Proceeds from sale of capital assets	817	9,918
Principal payment on bonds and notes	-	(2,845,000)
Principal payments under capital lease obligations	(158,602)	(231,050)
Other	2	(277)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,137,451)	(5,378,624)
Cash Flows From Investing Activities:		
(Purchase) sale of assets whose use is limited, net	(974,835)	1,042,694
Investment income	316,117	218,571
Cash received for ad valorem taxes	7,429,721	9,866,834
Rent income	441,485	729,289
Miscellaneous	517,275	260,293
Net Cash Provided (Used) by Investing Activities	7,729,763	12,117,681
Net Increase (Decrease) in Cash	(4,041,579)	654,292
Cash and Cash Equivalents - Beginning of Year	13,215,289	12,560,997
Cash and Cash Equivalents - End of Year	\$ 9,173,710	\$ 13,215,289

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,

	2019	2018
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (15,460,096)	\$ (10,457,833)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	3,436,691	3,784,401
Provisions for losses on accounts receivable, net	(1,072,579)	(2,574,892)
(Increase) decrease in receivables	(1,119,553)	4,551,004
(Increase) decrease in inventory	(91,228)	63,885
(Increase) decrease in prepaid expenses	(259,399)	7,191
(Increase) decrease in other receivables	(60,067)	-
(Increase) decrease in other current assets	(5,000)	(6)
(Increase) decrease in net pension asset	3,344,280	(3,344,280)
Increase (decrease) in accounts payable and other accrued expenses	(828,687)	(2,759,858)
Increase (decrease) in net pension liability	20,682,456	(9,501,449)
Increase (decrease) in deferred inflows	(8,895,001)	9,668,302
(Increase) decrease in deferred outflows	(15,188,521)	5,480,229
Increase (decrease) in accrued OPEB payable	5,882,813	(1,001,459)
Total Adjustments	5,826,205	4,373,068
Net Cash Provided (Used) by Operating Activities	\$ (9,633,891)	\$ (6,084,765)
 Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 39,742	\$ 63,278
 Cash and Cash Equivalents:		
Unrestricted	\$ 411,583	\$ 1,740,093
Assets whose use is limited	8,762,127	11,475,196
	\$ 9,173,710	\$ 13,215,289

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements
December 31, 2019 and 2018

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, 2019 and 2018

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, 2019 and 2018

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:

	<u>Life</u>
Hospital equipment	3 - 25 years
Buildings and improvements	3 - 50 years
Parking lots	5 - 25 years
Land improvements	5 - 25 years

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

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

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, 2019 and 2018, the cost totaled \$5,343 and \$17,417, respectively.

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.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 2 - Assets Whose Use is Limited (continued)

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

	2019 Fair Value	2018 Fair Value
Money Market	\$ 8,762,127	\$ 11,475,196
Certificates of Deposit	1,500,000	525,165
Total Assets Whose Use Is Limited	\$ 10,262,127	\$ 12,000,361

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.

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,

	2019	2018
Frank LaBarbera	\$ 3,300	\$ 3,300
Robert Davidson	3,600	3,300
Bobby LeTard	3,000	3,300
Joseph Devall	3,300	2,400
Rickey Watson	3,300	3,300
Total	\$ 16,500	\$ 15,600

Note 5 - Accrued Compensation

Accrued payroll for the years ended December 31, 2019 and 2018, paid in the subsequent year, totaled \$1,078,044 and \$1,333,319, respectively. Accrued compensated absences totaled \$1,184,585 and \$1,105,925 for the years ended December 31, 2019 and 2018, respectively, and has been accrued at the employees' present salary levels for vacation time earned.

Note 6 - Leases

The Hospital has entered into a lease agreement as lessee for financing the acquisition of medical equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the lower of the present value of the future minimum lease payments or the fair value of the asset. The asset is being depreciated over the lesser of the lease term or the estimated productive life. The capitalized cost on this lease was \$1,000,001 at December 31, 2019.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 6 - Leases (Continued)

The accumulated depreciation on such equipment under capital lease obligation was \$200,000 at December 31, 2019 and \$-0- at December 31, 2018. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2019:

Year Ending December 31,	
2020	\$ 195,445
2021	195,445
2022	195,445
2023	<u>195,445</u>
Total Minimum Lease Payments	781,780
Less: Amount Representing Interest	<u>69,092</u>
Present Value of Future Minimum Lease Payments	<u>\$ 712,688</u>

The Hospital leased part of the Hospital facilities under an operating lease to a provider of long-term acute care services. The lease term was renewed October, 2014 for 60 months. The lease was allowed to expire during the year ended December 31, 2019.

The Hospital currently leases medical office space under a non-cancelable operating lease agreement. This lease agreement began January 1, 2014 and is for a term of ten years. It will be automatically extended for one additional ten year period unless notice of termination is given. The monthly fee for this lease is \$13,026.

The Hospital currently leases additional medical office space under a non-cancelable operating lease agreement. This lease agreement began December 30, 2010 and is for a term of ten years. The monthly fee for this lease is \$3,525.

The Hospital currently leases facilities used for health and fitness under a non-cancelable operating lease agreement. This lease agreement began May 20, 2014 and is for a term of ten years. It will be automatically extended for one additional ten year period unless notice of termination is given. The monthly fee for this lease is \$17,031.

The Hospital currently leases additional medical office space under a non-cancelable operating lease agreement. This lease agreement began October 7, 2015 and is for a term of five years. It will be automatically extended for five additional five year periods unless notice of termination is given. The monthly fee for this lease is \$2,218.

The Hospital currently leases additional medical office space under a non-cancelable operating lease agreement. This lease agreement began October 1, 2018 and is for a term of ten years. It will be automatically extended for one additional ten year period unless notice of termination is given. The monthly fee for this lease is \$7,003.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 6 - Leases (Continued)

Total rent expense for the years ended December 31, 2019 and 2018 was \$488,005 and \$542,740, respectively. The following is a schedule of future minimum rental payments due to others under these lease agreements.

Year ending December 31:

2020	\$ 506,988
2021	\$ 444,726
2022	\$ 444,726
2023	\$ 444,726
2024	\$ 325,509
2025	\$ 84,038
2026	\$ 84,038
2027	\$ 84,038
2028	\$ 63,028

Note 7 - Capital Assets

The Hospital's capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,353,780	\$ 125,119	\$ -0-	\$ 2,478,899
Construction in progress	39,469	437,536	-0-	477,005
Total capital assets not being depreciated	<u>2,393,249</u>	<u>562,655</u>	<u>-0-</u>	<u>2,955,904</u>
Capital assets being depreciated:				
Buildings	37,125,728	-0-	-0-	37,125,728
Building improvements	12,166,616	263,379	-0-	12,429,995
Land improvements	1,395,841	-0-	-0-	1,395,841
Equipment	43,834,482	1,153,634	(861,649)	44,126,467
Total capital assets being depreciated	94,522,667	1,417,013	(861,649)	95,078,031
Less accumulated depreciated	(64,348,008)	(3,436,692)	856,660	(66,928,040)
Total capital assets being depreciated, net	<u>30,174,659</u>	<u>(2,019,679)</u>	<u>(4,989)</u>	<u>28,149,991</u>
Total capital assets, net	<u>\$ 32,567,908</u>	<u>\$ (1,457,024)</u>	<u>\$ (4,989)</u>	<u>\$ 31,105,895</u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 7 - Capital Assets (Continued)

The Hospital's capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,353,780	\$ -0-	\$ -0-	\$ 2,353,780
Construction in progress	178,960	-0-	(139,491)	39,469
Total capital assets not being depreciated	<u>2,532,740</u>	<u>-0-</u>	<u>(139,491)</u>	<u>2,393,249</u>
Capital assets being depreciated:				
Buildings	37,125,728	-0-	-0-	37,125,728
Building improvements	11,856,617	321,965	(11,966)	12,166,616
Land improvements	1,338,801	57,040	-0-	1,395,841
Equipment	42,673,784	3,072,703	(1,912,005)	43,834,482
Total capital assets being depreciated	92,994,930	3,451,708	(1,923,971)	94,522,667
Less accumulated depreciated	(62,268,690)	(3,784,125)	1,704,807	(64,348,008)
Total capital assets being depreciated, net	<u>30,726,240</u>	<u>(332,417)</u>	<u>(219,164)</u>	<u>30,174,659</u>
Total capital assets, net	<u>\$ 33,258,980</u>	<u>\$ (332,417)</u>	<u>\$ (358,655)</u>	<u>\$ 32,567,908</u>

Note 8- Parochial Employees' Retirement System

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, 2019 and 2018

Note 8- Parochial Employees Retirement System (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, 2019 and 2018

Note 8- Parochial Employees Retirement System (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, 2019 and 2018

Note 8- Parochial Employees Retirement System (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 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, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 8- Parochial Employees Retirement System (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, 2018, the actuarially determined contribution rate was 9.99% of member's compensation for Plan A and 7.01% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2019 was 11.50% for Plan A and 7.5% 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.

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

At December 31, 2019, the Hospital reported a liability of \$20,682,456 for its proportionate share of the net pension asset. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability 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.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 8- Parochial Employees Retirement System (Continued)

For the year ended December 31, 2019, the Hospital recognized pension expense of \$8,040,890. At December 31, 2019, 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 and changes in assumptions	\$ 5,171,292	\$ 1,260,030
Net difference between projected and actual earnings on pension plan investments	9,900,760	-
Differences between Hospital contributions and proportionate share of contributions and changes in assumptions	59,743	23,315
Hospital contributions made subsequent to the measurement date	3,309,470	-
Total	\$ 18,441,265	\$ 1,283,345

The Hospital's contributions during the year ended December 31, 2019, reported as deferred outflows, of \$3,309,470 subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended December 31, 2020. 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:	
2020	\$2,592,619
2021	2,127,238
2022	4,373,652
2023	6,038,286

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.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 8- Parochial Employees Retirement System (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 are as follows:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry
Age Normal Actuarial Assumptions:	
Investment Rate of Return	6.50%, net of investment expense
Projected Salary Increases	4.75% (2.4% Inflation, 2.35% Merit)
Mortality Rates	Pub-2020 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females
Expected Remaining Service Lives	4 years
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.

The discount rate used to measure the total pension liability was 6.50%. 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 and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. 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.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 8- Parochial Employees Retirement System (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM 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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018.

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, 2018 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	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real assets	2%	0.11%
Totals	<u>100%</u>	<u>5.43%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Normal Return		<u>7.43%</u>

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 the 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 the 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 MP 2018 scale. For Disabled annuitants mortality was set equal to the 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.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 8- Parochial Employees Retirement System (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.50% or one percentage point higher 7.50% than the current rate.

		Changes in Discount	
		Rate	
	1%	Current Discount	1%
	Decrease	Rate	Increase
	5.50%	6.50%	7.50%
Net Pension Liability (Asset)	\$43,923,986	\$20,682,456	\$1,254,551

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, 2018. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

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

Under Louisiana Revised Statutes 33:2955, the District 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 District 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, 2019, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$10,673,710. Of that balance, \$10,262,127 is included in Assets Whose Use is Limited (Note 2).

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 9- Cash, Cash Equivalents, Certificates of Deposit and Other Investments (Continued)

At December 31, 2018, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$13,740,454. Of that balance, \$12,000,361 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, 2019, the Hospital has \$11,043,781 in deposits (collected bank balances). These deposits are secured from risk by \$750,000 of federal deposit insurance and \$16,279,937 of pledged securities held in a custodial bank in the Hospital's name.

At December 31, 2018, the Hospital has \$14,488,971 in deposits (collected bank balances). These deposits are secured from risk by \$750,000 of federal deposit insurance and \$16,288,581 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, 2019 and 2018, the Hospital did not have investments in any debt instruments.

Note 10- Prior Year Balances

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

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>2019</u>	<u>2018</u>
Medicare	12 %	13 %
Medicaid	4	4
Other	84	83
	<u>100 %</u>	<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2019</u>	<u>2018</u>
Medicare	46 %	44 %
Medicaid	9	9
Other	45	47
	<u>100 %</u>	<u>100 %</u>

Note 12- **Postemployment Healthcare Plan**

Plan Description: The Hospital's 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 Benefit Management Services 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 \$395,370 to the plan for 2019. Contribution rates for retirees ranged from \$341 to 1,320 per month based on age and coverage for 2019.

The Hospital contributed \$446,945 (net of retirees' contributions) to the plan for 2019.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 12- Postemployment Healthcare Plan (Continued)

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, 2019
Actuarial Valuation Date	January 1, 2019
Inflation	2.50%
Salary increases, including inflation	3.00%
Discount rate	2.75%
Prior year discount rate	3.71%
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 12/31/19 Fidelity General Obligation AA 20 year yield.

Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2019 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2019 for males or females, as appropriate.

OPEB Plan – Number of Employees Covered:

Inactive employees currently receiving benefit payments	105
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>133</u>
Total	<u>238</u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 12- Postemployment Healthcare Plan (Continued)

Changes in Total OPEB Liability

Balance at 12/31/2018	<u>\$ 22,242,215</u>
Changes for the year:	
Service Cost	377,930
Interest	831,873
Differences between expected and actual	(35,748)
Changes in assumptions/inputs	5,104,128
Change in benefit terms	-
Benefit payments	(395,370)
Administrative expense	-
Net Changes	<u>\$ 5,882,813</u>
Balance at 12/31/2019	<u>\$28,125,028</u>

Sensitivity of the Total OPEB Liability

	1% Decrease	No Change	1% Increase
Discount Rate	\$34,186,225	\$28,125,028	\$23,964,015
Healthcare Cost Trend Rates	\$23,150,616	\$28,125,028	\$35,514,747

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

OPEB Expense			
Service Cost			\$ 377,930
Interest on Liabilities			\$ 831,873
Difference between Actual and Expected Experience			(\$ 28,957)
Changes in Assumptions / Inputs			\$ 649,161
Changes in Benefit Terms			<u>-</u>
Total OPEB Expense			<u>\$1,830,007</u>
Deferred Outflows and Inflows		Outflows	Inflows
Differences between actual and expected experience		\$ 0	\$ 121,783
Changes of assumptions or other inputs		\$4,535,965	\$1,032,128
Employer amounts for OPEB subsequent to measurement date		<u>\$ 0</u>	<u>\$ 0</u>
Total Deferred Outflows and Inflows		<u>\$4,535,965</u>	<u>\$1,153,911</u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 12- Postemployment Healthcare Plan (Continued)

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

Year Ended December 31:	
2020	\$620,204
2021	\$620,204
2022	\$620,204
2023	\$620,204
2024	\$901,238
Thereafter	\$ -

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 actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

For the years ended December 31, 2019 and 2018, taxes of 6.95 mills were levied on property with net assessed valuations totaling \$1,268,385,415 and \$1,113,194,713 for Calcasieu Parish and \$53,451,597 and \$55,433,051 for Cameron Parish, respectively. Total taxes levied were \$8,899,767 and \$7,867,217 for the years ended December 31, 2019 and 2018. Taxes receivable at December 31, 2019 and 2018 were \$8,943,931 and \$7,716,671, 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.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 15- **Subsequent Events**

The Hospital evaluated its December 31, 2019 financial statements for subsequent events through the date the financial statements were available to be issued. On August 27, 2020, Hurricane Laura made landfall in Southwest Louisiana. As a result, there was significant damage across the region. The financial impact of this event on the Hospital has yet to be determined.

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, 2019 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, 2019 and 2018 was \$55,718 and \$71,927, respectively.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

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.

Certificate of Deposit	\$ 1,500,000 (Level 2 inputs)
Public Funds Money Market	\$ 8,762,127 (Level 2 inputs)

Note 19- Construction in Progress

The Hospital has various construction projects in progress at December 31, 2019. The following is a schedule of the most significant projects.

	Estimated Total Costs	Cost Incurred to Date	Estimated Completion Date
Community Clinic Project	\$ 988,800	\$ 20,152	July 31, 2020
Hospital Roofing Project	\$ 1,285,000	\$ 36,000	August 30, 2020

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

I have audited the financial statements of West Calcasieu-Cameron Hospital as of and for the years ended December 31, 2019 and 2018, and my report thereon dated September 2, 2020, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. My audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on pages 37 through 42 and 47 through 50 is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
September 2, 2020

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

	2019	2018
NURSING REVENUES - GROSS		
Revenue from daily patient services		
Medical and surgical	\$ 10,183,138	\$ 6,249,578
Intensive care	5,488,333	3,317,535
Nursery	217,054	210,698
Total Revenue from Daily Patient Services	15,888,525	9,777,811
Operating room	9,806,857	10,373,678
Endoscopy	3,937,538	3,744,052
Delivery room	2,012,778	1,505,708
Recover room	2,264,112	2,202,148
Central supply	3,336,039	3,616,880
Emergency room	23,181,152	22,097,164
TOTAL NURSING REVENUES - GROSS	\$ 60,427,001	\$ 53,317,441

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

	<u>2019</u>	<u>2018</u>
OTHER PROFESSIONAL SERVICE REVENUES - GROSS		
Anesthesiology	\$ 1,901,015	\$ 1,889,464
Radiology	23,526,915	24,360,116
Laboratory	17,046,122	23,601,658
Cardiology, EKG and EEG	8,306,812	8,521,727
Physical therapy	1,755,802	2,080,102
Orthopedic	88,966	94,567
Nuclear medicine	1,769,597	1,683,283
Pharmacy	40,715,401	47,937,906
Respiratory therapy	5,563,470	5,760,230
Dietary - long term care	31,567	47,231
Ambulance service	59,014	73,303
Occupational therapy	761,424	939,863
Speech therapy	307,753	526,772
Housekeeping	3,380	1,690
Home health care	1,826,104	1,704,140
Therapeutic riding	401,115	393,313
Wellness center	1,444,913	1,504,174
Off site clinics	3,857,551	2,806,871
Outpatient testing	1,412,948	1,882,235
Wound healing	605,960	828,854
Diagnostic center	8,559,826	7,401,965
Sleep lab	989,100	237,400
Ear, nose, throat & aesthetic	786,334	497,081
Urology clinic	909,028	154,298
Obstetrics and gynecology	2,966,611	2,978,003
Family practice	1,556,804	1,467,853
TOTAL OTHER PROFESSIONAL SERVICE REVENUES - GROSS	<u>\$ 127,153,532</u>	<u>\$ 139,374,099</u>

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

	<u>2019</u>	<u>2018</u>
NURSING EXPENSES		
Nursing services - salaries	\$ 2,641,812	\$ 2,931,457
Nursing services - administrative salaries	839,703	831,636
Nursing services - expenses	357,173	330,691
Central supply - salaries	290,621	322,536
Central supply - expense	261,189	240,676
Operating room - salaries	1,413,236	1,424,698
Operating room - expenses	2,739,848	2,880,855
Endoscopy - salaries	159,783	173,342
Endoscopy - expenses	191,229	172,985
Delivery room - salaries	995,020	1,102,743
Delivery room - expenses	172,154	161,405
Nursery - salaries	246,985	170,207
Nursery - expenses	37,962	22,848
Recovery room - salaries	267,073	270,954
Recovery room - expenses	18,525	15,945
Intensive care - salaries	1,365,623	1,404,983
Intensive care - expenses	122,263	138,645
Emergency room - salaries	2,123,699	2,069,126
Emergency room - expenses	746,056	636,101
TOTAL NURSING EXPENSES	<u><u>\$ 14,989,954</u></u>	<u><u>\$ 15,301,833</u></u>

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

	<u>2019</u>	<u>2018</u>
OTHER PROFESSIONAL SERVICE EXPENSES		
Anesthesiology - expenses	\$ 126,144	\$ 103,934
Radiology - salaries	1,239,948	1,275,495
Radiology - expenses	636,740	746,823
Laboratory - salaries	1,738,831	1,643,184
Laboratory - expenses	1,919,563	1,892,614
Cardiology, EKG and EEG - salaries	570,855	589,062
Cardiology, EKG and EEG - expenses	751,390	773,952
Physical therapy - salaries	900,387	900,303
Physical therapy - expenses	43,111	53,496
Orthopedic room - expenses	20,588	23,629
Pharmacy - salaries	1,122,608	1,105,226
Pharmacy - expenses	4,809,594	6,627,108
Respiratory therapy - salaries	701,138	893,846
Respiratory therapy - expenses	173,366	241,172
Ambulance service - salaries	104,769	47,249
Ambulance service - expenses	56,832	68,980
Medical records - salaries	591,972	592,687
Medical records - expenses	257,354	208,894
Nuclear Medicine - salaries	141,398	150,301
Nuclear Medicine - expenses	237,746	198,522
Outpatient testing - salaries	304,731	290,763
Outpatient testing - expenses	48,358	49,336
Home health care - salaries	1,063,816	1,041,839
Home health care - expenses	348,848	297,860
Occupational therapy - salaries	189,716	162,765
Occupational therapy - expenses	11,308	23,853
Speech therapy - salaries	152,629	221,668
Speech therapy - expenses	2,631	4,023
Off site clinic - salaries	1,437,240	1,323,343
Off site clinic - expenses	1,660,011	869,763
Wellness center - salaries	765,131	761,875
Wellness center - expenses	430,690	392,577
Therapeutic riding - salaries	204,442	241,859
Therapeutic riding - expenses	48,915	34,169
Wound healing - salaries	180,679	297,102
Wound healing - expenses	100,589	95,003
Intergovernmental transfer distribution	2,625,000	1,450,000
Diagnostic center - salaries	315,237	270,238
Diagnostic center - expenses	500,619	525,563
Westlake diagnostic center - salaries	153,695	151,738
Westlake diagnostic center - expenses	134,031	126,286
Sleep lab - expenses	145,444	39,282
Ear, nose, throat and aesthetic - salaries	536,739	170,528
Ear, nose, throat and aesthetic - expenses	91,049	96,554
Urology clinic - salaries	65,029	19,170
Urology clinic - expenses	758,437	386,213
Obstetrics and gynecology - salaries	1,279,071	1,226,968
Obstetrics and gynecology - expenses	421,552	389,005
Family practice - salaries	802,569	711,444
Family practice - expenses	153,160	199,607
TOTAL OTHER PROFESSIONAL SERVICE EXPENSES	<u>\$ 31,075,700</u>	<u>\$ 30,006,871</u>

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

	2019	2018
GENERAL SERVICE EXPENSES		
Dietary - salaries	\$ 789,306	\$ 761,146
Dietary - food	266,201	345,042
Dietary - expenses	89,125	100,946
Housekeeping - salaries	639,700	573,546
Housekeeping - expenses	99,467	107,601
Laundry - salaries	210,644	189,871
Laundry - expenses	54,970	69,410
Operating and maintenance of plant - salaries	1,090,134	1,012,751
Operating and maintenance of plant - expenses	1,206,507	1,448,324
Medical staff services - salaries	124,875	120,667
Medical staff services - expenses	26,508	35,259
	\$ 4,597,437	\$ 4,764,563
TOTAL GENERAL SERVICE EXPENSES		

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

	2019	2018
FISCAL AND ADMINISTRATIVE SERVICE EXPENSES		
Administrative - salaries	\$ 4,525,750	\$ 4,377,195
Administrative - general expenses	6,628,570	5,659,902
Payroll taxes and benefits	12,961,447	8,364,143
Insurance and liability claims	780,313	896,409
TOTAL FISCAL AND ADMINISTRATIVE SERVICE EXPENSES	\$ 24,896,080	\$ 19,297,649

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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

I 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, 2019, 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 my report thereon dated September 2, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered West Calcasieu-Cameron Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion 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, I 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Calcasieu-Cameron Hospital's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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. 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
September 2, 2020

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedule of Findings and Responses
December 31, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

SECTION II – FINDINGS AND RESPONSES

None

NO SEPARATE MANAGEMENT LETTER ISSUED

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedule of Prior Year Findings
December 31, 2019

SECTION III – PRIOR YEAR FINDINGS

None

WEST CALCASIEU CAMERON HOSPITAL

**SCHEDULE OF CHANGES TO TOTAL OPEB LIABILITY
AND RELATED RATIOS**

For The Year Ended December 31, 2019

Total OPEB Liability	2018	2019	2020	2021	2022
Service Cost	\$ 415,641	\$ 377,930			
Interest	\$ 774,754	\$ 831,873			
Changes in benefit terms	\$ -	\$ -			
Differences between expected and actual	\$ (137,991)	\$ (35,748)			
Changes in assumptions or other inputs	\$ (1,548,192)	\$ 5,104,128			
Benefit payments	\$ (505,671)	\$ (395,370)			
Net Change in Total OPEB Liability	<u>\$ (1,001,459)</u>	<u>\$ 5,882,813</u>			
Total OPEB Liability - beginning	<u>\$ 23,243,674</u>	<u>\$ 22,242,215</u>			
Total OPEB Liability - ending	<u>\$ 22,242,215</u>	<u>\$ 28,125,028</u>			
Covered Employee Payroll	\$ 8,706,335	\$ 8,967,525			
Total OPEB Liability as a percentage of covered employee payroll	255.5%	317.4%			
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%			

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, 2019

	2014	2015	2016	2017	2018	2019
Hospital's proportion of the net pension liability	4.696%	4.839%	4.620%	4.613%	1.624%	4.660%
Hospital's proportionate share of the net pension liability	\$ 335,884	\$ 1,323,131	\$ 12,162,185	\$ 9,501,449	\$ (3,344,280)	\$ 20,682,956
Hospital's covered-employee payroll	\$ 25,772,718	\$ 26,491,469	\$ 27,157,674	\$ 27,962,600	\$ 28,641,835	\$ 28,782,585
Hospital's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.3%	5.0%	44.78%	33.98%	-11.68%	71.86%
Plan fiduciary net position as a percentage of the total pension liability	99.5%	99.14%	92.23%	94.15%	101.98%	88.83%

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.

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 Contributions
For The Year Ended December 31, 2019

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 4,123,635	\$ 3,841,263	\$ 3,528,277	\$ 3,495,325	\$ 3,293,811	\$ 3,309,470
Contributions in relation to the contractually required contribution	\$ 4,123,635	\$ 3,841,263	\$ 3,528,277	\$ 3,495,325	\$ 3,293,811	\$ 3,309,470
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hospital's covered-employee payroll	\$ 25,772,718	\$ 26,491,469	\$ 27,157,674	\$ 27,962,600	\$ 28,641,835	\$ 28,782,585
Contributions as a percentage of covered-employee payroll	16.0%	14.5%	13.0%	12.5%	11.5%	11.5%

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.

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

WEST CALCASIEU-CAMERON HOSPITAL

Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer

Year Ended December 31, 2019

Agency Head: Janie Fruge, CEO

Purpose	Amount
Salary	\$298,364
Benefits-insurance	\$2,524
Benefits-retirement	\$32,201
Reimbursements - mileage	\$709
Registration fees	\$-0-
Conference travel	\$-0-
Conference lodging	\$-0-
Conference meals	\$-0-
Cell phone reimbursement	\$720

Note: This schedule is included as supplementary information.

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Board of Commissioners and Management of West Calcasieu Cameron Hospital District

In planning and performing our audit of the financial statements of West Calcasieu Cameron Hospital District as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered West Calcasieu Cameron Hospital District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Calcasieu Cameron Hospital District'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 may exist that have not been identified.

However, there was a matter that is required to be reported on by the Louisiana Governmental Audit Guide, section 300-1080. Attached is a memorandum describing the elements of the finding and related responses.

This communication is intended solely for the information and use of management and board of commissioners within West Calcasieu Cameron Hospital District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Steven M. DeRouen & Associates

STEVEN M. DEROUEN & ASSOCIATES

Lake Charles, Louisiana

September 2, 2020

Louisiana Legislative Auditor’s Finding Template for Reporting Fraud and Misappropriations

AGENCY NAME: Calcasieu-Cameron Hospital District

FISCAL YEAR END: December 31, 2019

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	Misappropriation of funds of West Calcasieu Cameron Hospital District.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Purchase of computer tracking devices and tracking device subscriptions using District funds that were for personal use of employee of District.
3	The amount of funds or approximate value of assets involved.	\$2,436.94
4	The department or office in which the fraud or misappropriation occurred.	Information Technology department.
5	The period of time over which the fraud or misappropriation occurred.	September 2018 through December 2019.
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Chief Information Officer
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Loyd Ellis Rion, III The matter has been resolved by Calcasieu Parish District Attorney’s office and restitution for the \$2,436.94 was made on February 10,2020.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	Loyd Ellis Rion, III was terminated from employment.
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	Not applicable, employee terminated from employment.
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Calcasieu Parish Sheriff and Calcasieu Parish District Attorney were notified of misappropriation.
11	What is the status of the investigation at the date of the auditor’s/accountant’s report?	The case has been resolved.
12	If the investigation is complete and	Full restitution has been made

Louisiana Legislative Auditor’s Finding Template for Reporting Fraud and Misappropriations

AGENCY NAME: Calcasieu-Cameron Hospital District

FISCAL YEAR END: December 31, 2019

	the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	by defendant, therefore charges were rejected with consent of victim as result of restitution.
13	What is the status of any related adjudication at the date of the auditor’s/accountant’s report?	Charges were rejected with consent of victim as result of full restitution.
14	Has restitution been made or has an insurance claim been filed?	Restitution of entire amount of \$2,436.94 was made on February 10, 2020.
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	The Legislative Auditor and the District Attorney was notified by December 20, 2019.
16	Did the agency’s internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes
17	If the answer to the last question is “no,” describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Not applicable.
18	Management’s plan to ensure that the fraud or misappropriation does not occur in the future	Continue to apply existing internal controls in place for purchasing.