

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

Financial Statements
December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the West Calcasieu-Cameron Hospital, a component unit of Calcasieu and Cameron Parish Police Juries, as of and for the year ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of West Calcasieu-Cameron Hospital, a component unit of Calcasieu and Cameron Parish Police Juries, as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8, the Schedule of Changes to Total OPEB Liability and Related Ratios on page 40, the Schedule of Employers' Share of Net Pension Liabilities on page 41, and the Schedule of Employer Contributions on page 42 be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers them to be essential parts of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Calcasieu-Cameron Hospital's, a component unit of Calcasieu and Cameron Parish Police Juries, basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Compensation, Benefits and Other Payments are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the Schedule of Compensation, Benefits and Other Payments are fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2022 on our consideration of West Calcasieu-Cameron Hospital's, a component unit of Calcasieu and Cameron Parish Police Juries, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Calcasieu-Cameron Hospital's, a component unit of Calcasieu and Cameron Parish Police Juries, internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Calcasieu-Cameron Hospital's, a component unit of Calcasieu and Cameron Parish Police Juries, internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
May 15, 2022

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2021**

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, 2021. 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.

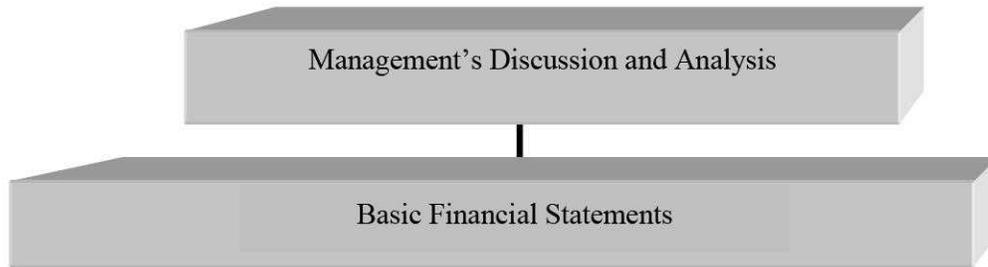
FINANCIAL HIGHLIGHTS

- ★ The Hospital’s assets and deferred outflows exceeded its liabilities and deferred inflows at the close of fiscal year 2021 by \$37,101,483 which represents a 0.4% increase from last fiscal year. Of this amount, \$3,670,175 (unrestricted net position) may be used to meet the Hospital’s ongoing obligations to its users.

- ★ The Hospital’s net patient service revenue increased \$8,746,635 (or 16.6%) and the total operating expenses increased \$7,574,379 (or 9.5%).

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, 2021**

Basic Financial Statements

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

The Statements of Net Position (pages 9 - 10) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Hospital is improving or deteriorating.

The Statements of Revenues and Expenses (page 11) presents information showing how the Hospital's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statements of Changes in Net Position (page 12) presents information showing how the Hospital's assets changed as a result of current year operations.

The Statements of Cash Flows (pages 13 - 14) presents information showing how the Hospital's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

| | 2021 | 2020 | 2019 |
|---|----------------|---------------|---------------|
| Current and other assets | \$ 52,138,428 | \$ 48,634,092 | \$ 35,653,955 |
| Capital assets | 33,804,036 | 30,705,753 | 31,105,895 |
| Total assets | 85,942,464 | 79,339,845 | 66,759,850 |
| Deferred outflows | 14,213,699 | 12,454,473 | 22,977,230 |
| Total assets and deferred outflows | 100,156,163 | 91,794,318 | 89,737,080 |
| Other liabilities | 42,178,886 | 39,602,719 | 55,908,055 |
| Long-term debt outstanding | 372,728 | 546,618 | 712,688 |
| Total liabilities | 42,551,614 | 40,149,337 | 56,620,743 |
| Deferred inflows | 20,053,066 | 14,711,965 | 2,436,256 |
| Net position: | | | |
| Net investment in capital assets | 33,431,308 | 30,159,135 | 29,892,355 |
| Unrestricted amounts | 3,670,175 | 6,773,881 | 787,726 |
| Total net position | 37,101,483 | 36,933,016 | 30,680,081 |
| Total liabilities, deferred inflows, and net position | \$ 100,156,163 | \$ 91,794,318 | \$ 89,737,080 |

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

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2021**

The net position of the Hospital increased by \$168,467, from December 31, 2020 to December 31, 2021.

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|-------------------------------------|---------------------|---------------------|-----------------------|
| Operating revenues | \$ 75,411,752 | \$ 74,037,056 | \$ 63,575,508 |
| Operating expenses | <u>87,321,862</u> | <u>79,747,483</u> | <u>79,035,604</u> |
| Operating income (loss) | <u>(11,910,110)</u> | <u>(5,710,427)</u> | <u>(15,460,096)</u> |
| Non-operating revenues (expenses) | <u>12,078,577</u> | <u>11,963,362</u> | <u>9,927,687</u> |
| Increase (decrease) in net position | <u>\$ 168,467</u> | <u>\$ 6,252,935</u> | <u>\$ (5,532,409)</u> |

CAPITAL ASSET ADMINISTRATION

Capital Assets

As of December 31, 2021, the Hospital had \$33,804,036, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, equipment, land improvements, and construction in progress. (See Table below). This amount represents a net increase (including additions and deductions) of \$3,098,283 or 10.1%, from last year.

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|-------------------------------|----------------------|----------------------|----------------------|
| Buildings and Improvements | \$ 51,955,118 | \$ 48,829,029 | \$ 49,555,724 |
| Equipment | 47,620,445 | 45,673,869 | 44,126,467 |
| Construction in Progress | 1,431,994 | 1,180,500 | 477,005 |
| Land and Improvements | 3,942,799 | 3,876,500 | 3,874,739 |
| Less Accumulated Depreciation | <u>(71,146,320)</u> | <u>(68,854,145)</u> | <u>(66,928,040)</u> |
| Totals | <u>\$ 33,804,036</u> | <u>\$ 30,705,753</u> | <u>\$ 31,105,895</u> |

This year's significant capital additions included above are:

| | |
|-----------------------------|--------------|
| • CT Scanner | \$ 580,644 |
| • Hospital Roof Replacement | \$ 1,301,500 |
| • Community Clinic Project | \$ 908,633 |
| • Hackberry Clinic Project | \$ 356,988 |

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2021**

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 Jamie 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 | 2021 | 2020 |
|---|-----------------------|----------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 3,066,747 | \$ 2,026,465 |
| Assets whose use is limited-cash equivalents: | | |
| By board required for operations | 14,289,619 | 13,201,253 |
| Accounts receivable from patients | 13,418,026 | 11,265,280 |
| Less allowance for uncollectible accounts | (4,006,958) | (2,969,546) |
| Interest receivable | 3,436 | 3,436 |
| Property taxes receivable | 9,988,577 | 10,691,907 |
| Other receivables | 1,326,715 | 10,138,652 |
| Due from Medicare and Medicaid - cost report settlement | 999,909 | 778,379 |
| Inventories | 2,535,731 | 1,956,655 |
| Prepaid expenses | 2,674,788 | 1,502,284 |
| Other current assets | 202,393 | 39,327 |
| Total Current Assets | 44,498,983 | 48,634,092 |
| Property, Plant and Equipment | | |
| Construction-in-progress | 1,431,994 | 1,180,500 |
| Buildings and improvements | 51,955,118 | 48,829,029 |
| Equipment | 47,620,445 | 45,673,869 |
| Land and improvements | 3,942,799 | 3,876,500 |
| Less allowance for depreciation | (71,146,320) | (68,854,145) |
| Net Property, Plant and Equipment | 33,804,036 | 30,705,753 |
| Other Assets | | |
| Net pension asset | 7,639,445 | - |
| TOTAL ASSETS | 85,942,464 | 79,339,845 |
| DEFERRED OUTFLOWS | | |
| Deferred outflows of resources related to pensions and OPEB | 14,213,699 | 12,454,473 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 100,156,163 | \$ 91,794,318 |

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,**

| | 2021 | 2020 |
|--|----------------|---------------|
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | \$ 8,398,522 | \$ 6,364,095 |
| Accrued compensation and retirement | 3,953,978 | 3,781,317 |
| Accrued health insurance benefits | 326,360 | 343,378 |
| Other accrued expenses | 62,478 | 76,869 |
| Deferred revenue | 73,370 | 1,535,274 |
| Due within one year - capital lease | 182,077 | 173,890 |
| Total Current Liabilities | 12,996,785 | 12,274,823 |
| Long-Term Liabilities | | |
| Due in more than one year - capital lease | 190,651 | 372,728 |
| Other post-employment benefits | 29,364,178 | 27,288,136 |
| Net pension liability | - | 213,650 |
| Total Long-Term Debt | 29,554,829 | 27,874,514 |
| TOTAL LIABILITIES | 42,551,614 | 40,149,337 |
| DEFERRED INFLOWS | | |
| Deferred inflows of resources related to pensions and OPEB | 20,503,066 | 14,711,965 |
| NET POSITION | | |
| Net investment in capital assets | 33,431,308 | 30,159,135 |
| Unrestricted amounts | 3,670,175 | 6,773,881 |
| TOTAL NET POSITION | 37,101,483 | 36,933,016 |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION | \$ 100,156,163 | \$ 91,794,318 |

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,**

| | 2021 | 2020 |
|---|---------------------|---------------------|
| PATIENT SERVICE REVENUE | | |
| Gross patient service revenue - nursing | \$ 63,557,612 | \$ 58,886,090 |
| Gross patient service revenue - other professional services | 136,015,986 | 112,158,733 |
| Less: contractual allowances and discounts | (131,582,549) | (111,916,163) |
| | 67,991,049 | 59,128,660 |
| Less: provision for uncollectible accounts | (6,449,096) | (6,333,342) |
| Net Patient Service Revenue | 61,541,953 | 52,795,318 |
| OTHER REVENUE | | |
| Cafeteria and vending machines | 317,904 | 289,627 |
| Record room and miscellaneous | 8,471 | 9,719 |
| Donations | 15,187 | 27,689 |
| Federal grants | 1,535,275 | 6,149,456 |
| Other revenues | 11,992,962 | 14,765,247 |
| Total Other Revenue | 13,869,799 | 21,241,738 |
| TOTAL REVENUE | 75,411,752 | 74,037,056 |
| OPERATING EXPENSES | | |
| Nursing expenses | 18,265,782 | 16,054,126 |
| Other professional service expenses | 33,393,725 | 30,555,467 |
| General service expenses | 4,872,605 | 4,642,100 |
| Fiscal and administrative services expenses | 27,604,920 | 25,192,938 |
| Depreciation expense | 3,163,274 | 3,276,215 |
| Interest expense on leases | 21,556 | 26,637 |
| Total Operating Expenses | 87,321,862 | 79,747,483 |
| INCOME (LOSS) FROM OPERATIONS | (11,910,110) | (5,710,427) |
| NON-OPERATING REVENUE AND (EXPENSES) | | |
| Ad valorem taxes | 9,116,422 | 10,189,414 |
| Rent income | 325,986 | 295,678 |
| Investment income | 100,531 | 169,673 |
| Gain (loss) on disposal of assets | (55,495) | 3,442 |
| Loss on impairment of long-lived assets (see note 3) | - | (1,443,305) |
| Miscellaneous | 2,591,133 | 2,748,460 |
| Total Non-Operating Revenue and (Expenses) | 12,078,577 | 11,963,362 |
| INCREASE (DECREASE) IN NET POSITION | \$ 168,467 | \$ 6,252,935 |

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,**

| | 2021 | 2020 |
|--|---------------|---------------|
| NET POSITION - BEGINNING OF YEAR | \$ 36,933,016 | \$ 30,680,081 |
| INCREASE (DECREASE) IN NET POSITION | 168,467 | 6,252,935 |
| NET POSITION - END OF YEAR | \$ 37,101,483 | \$ 36,933,016 |

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,

| | 2021 | 2020 |
|---|---------------|---------------|
| Cash Flows From Operating Activities: | | |
| Receipts from patients and users | \$ 82,070,943 | \$ 68,939,655 |
| Payments to suppliers and others | (44,286,915) | (31,270,650) |
| Payments to employees and benefits | (41,950,284) | (40,261,603) |
| Interest paid | (21,556) | (26,637) |
| Net Cash Provided (Used) by Operating Activities | (4,187,812) | (2,619,235) |
| Cash Flows From Capital and Related Financing Activities: | | |
| Payment for capital expenditures | (6,369,044) | (4,335,168) |
| Proceeds from sale of capital assets | 6,665 | 19,232 |
| Principal payments under capital lease obligations | (173,890) | (166,070) |
| Other | 15,327 | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (6,520,942) | (4,482,006) |
| Cash Flows From Investing Activities: | | |
| (Purchase) sale of assets whose use is limited, net | - | 1,500,000 |
| Investment income | 100,531 | 169,673 |
| Cash received for ad valorem taxes | 9,819,752 | 8,441,438 |
| Rent income | 325,986 | 295,678 |
| Miscellaneous | 2,591,133 | 2,748,460 |
| Net Cash Provided (Used) by Investing Activities | 12,837,402 | 13,155,249 |
| Net Increase (Decrease) in Cash | 2,128,648 | 6,054,008 |
| Cash and Cash Equivalents - Beginning of Year | 15,227,718 | 9,173,710 |
| Cash and Cash Equivalents - End of Year | \$ 17,356,366 | \$ 15,227,718 |

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,

| | 2021 | 2020 |
|--|-----------------|----------------|
| Reconciliation of operating income to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ (11,910,110) | \$ (5,710,427) |
| Adjustments to reconcile net operating income to net cash provided by operating activities: | | |
| Depreciation | 3,163,274 | 3,276,215 |
| Provisions for losses on accounts receivable, net | 1,037,412 | (102,814) |
| (Increase) decrease in receivables | (2,374,276) | (170,368) |
| (Increase) decrease in inventory | (579,076) | (144,205) |
| (Increase) decrease in prepaid expenses | (1,172,504) | 168,419 |
| (Increase) decrease in other receivables | 8,811,937 | (6,395,707) |
| (Increase) decrease in other current assets | (163,066) | (33,478) |
| (Increase) decrease in net pension asset | (7,639,445) | - |
| Increase (decrease) in accounts payable and other accrued expenses | 743,775 | 5,000,362 |
| Increase (decrease) in net pension liability | (213,650) | (20,468,806) |
| Increase (decrease) in deferred inflows | 5,791,101 | 12,275,709 |
| (Increase) decrease in deferred outflows | (1,759,226) | 10,522,757 |
| Increase (decrease) in accrued OPEB payable | 2,076,042 | (836,892) |
| Total Adjustments | 7,722,298 | 3,091,192 |
| Net Cash Provided (Used) by Operating Activities | \$ (4,187,812) | \$ (2,619,235) |
| Supplemental Disclosures of Cash Flow Information: | | |
| Cash paid for interest | \$ 21,556 | \$ 26,637 |
| Cash and Cash Equivalents: | | |
| Unrestricted | \$ 3,066,747 | \$ 2,026,465 |
| Assets whose use is limited | 14,289,619 | 13,201,253 |
| | \$ 17,356,366 | \$ 15,227,718 |

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020, the cost totaled \$5,099 and \$4,081, 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, 2021 and 2020

Note 2 - Assets Whose Use is Limited (continued)

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

| | 2021 Fair Value | 2020 Fair Value |
|--------------|--------------------|--------------------|
| Money Market | \$ 14,289,619 | \$ 13,201,253 |

Note 3 - Contingencies

The Hospital is self-insured for employee medical benefits. Under this arrangement, employees contribute a portion of the cost with the Hospital paying the difference to the employee benefit trust. A portion of the monthly contributions is used to purchase a re-insurance contract that covers individual claims exceeding \$225,000.

In August 2020 and October 2020, Hurricanes Laura and Delta, respectively, inflicted extensive damage to the Hospital's buildings. The Organization is currently restoring the various buildings and has incurred significant costs which are expected to be partially reimbursed by their commercial property insurance policy. The 2020 financial statements include impairment losses resulting from Hurricane Laura and Delta damages totaling \$1,443,305. The impairment loss only considers the complete loss of various building components including the roof, flooring and air conditioning systems. The impairment loss was calculated and valued based on the historical original cost of the aforementioned destroyed building components: roof, flooring, and air conditioning systems. The restorative efforts of the remaining damages to the Hospital's various properties are considered repairs and expensed as incurred. Restorative expenditures included in repairs total \$5,724,856 and \$1,888,018 during the years ended December 31, 2021 and 2022, respectively.

Restorative efforts to the Hospital's properties are ongoing as of December 31, 2021. The cost to completely restore the properties has not yet been determined.

The Hospital has filed insurance claims and has collected insurance reimbursements of \$5,735,666 during the year ended December 31, 2021 and \$2,879,077 during the year ended December 31, 2020. The Organization is making efforts to obtain additional insurance reimbursements for the hurricane damages to the Hospital properties, but the final potential settlement has not yet been determined.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

Note 4 - Compensation of the Board of Directors

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

| | <u>2021</u> | <u>2020</u> |
|-----------------|------------------|------------------|
| Frank LaBarbera | \$ 3,300 | \$ 3,000 |
| Robert Davidson | 3,300 | 3,000 |
| Bobby LeTard | 3,300 | 3,300 |
| Joseph Devall | 2,700 | 2,700 |
| Rickey Watson | <u>3,300</u> | <u>3,300</u> |
| Total | <u>\$ 15,900</u> | <u>\$ 15,300</u> |

Note 5 - Accrued Compensation

Accrued payroll for the years ended December 31, 2021 and 2020, paid in the subsequent year, totaled \$547,738 and \$462,867, respectively. Accrued compensated absences totaled \$1,582,484 and \$1,558,284 for the years ended December 31, 2021 and 2020, 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, 2021.

The accumulated depreciation on such equipment under capital lease obligation was \$600,000 at December 31, 2021 and \$400,000 at December 31, 2020. 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, 2021:

| | |
|--|-------------------|
| Year Ending December 31, | |
| 2022 | \$ 195,445 |
| 2023 | <u>195,445</u> |
| Total Minimum Lease Payments | 390,890 |
| Less: Amount Representing Interest | <u>18,162</u> |
| Present Value of Future Minimum Lease Payments | <u>\$ 372,728</u> |

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

Note 6 - Leases (Continued)

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 January 1, 2014 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 was for a term of five years. It was extended for five additional years on October 7, 2020, and may be extended for another four 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.

The Hospital currently leases additional medical office space under a non-cancelable operating lease agreement. This lease agreement began January 1, 2016 and is for a term of eleven years. The monthly fee for this lease is \$5,000.

The Hospital currently leases additional medical office space under a non-cancelable operating lease agreement. This lease agreement began July 1, 2014 and was for a term of five years. It was extended for five additional years on July 1, 2019, and may be extended for another five year period unless notice of termination is given. The monthly fee for this lease is \$3,750.

Total rent expense for the years ended December 31, 2021 and 2020 was \$429,599 and \$405,116, respectively. The following is a schedule of future minimum rental payments due to others under these lease agreements.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

Note 6 - Leases (Continued)

Year ending December 31:

| | |
|------|------------|
| 2022 | \$ 616,906 |
| 2023 | 616,906 |
| 2024 | 277,439 |
| 2025 | 166,214 |
| 2026 | 144,038 |
| 2027 | 84,038 |
| 2028 | 63,028 |

Note 7 - Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------------|-----------------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,480,659 | \$ -0- | \$ -0- | \$ 2,480,659 |
| Construction in progress | 1,180,500 | 1,695,010 | (1,443,516) | 1,431,994 |
| Total capital assets not being depreciated | <u>3,661,159</u> | <u>1,695,010</u> | <u>(1,443,516)</u> | <u>3,912,653</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 37,125,728 | 356,988 | (419,854) | 37,062,862 |
| Building improvements | 11,703,301 | 3,232,659 | (43,704) | 14,892,256 |
| Land improvements | 1,395,841 | 72,365 | (6,066) | 1,462,140 |
| Equipment | 45,673,869 | 2,453,739 | (507,163) | 47,620,445 |
| Total capital assets being depreciated | 95,898,739 | 6,115,751 | (976,787) | 101,037,703 |
| Less accumulated depreciated | <u>(68,854,145)</u> | <u>(3,208,600)</u> | <u>916,425</u> | <u>(71,146,320)</u> |
| Total capital assets being depreciated, net | <u>27,044,594</u> | <u>2,907,151</u> | <u>(60,362)</u> | <u>29,891,383</u> |
| Total capital assets, net | <u>\$ 30,705,753</u> | <u>\$ 4,602,161</u> | <u>\$ (1,503,878)</u> | <u>\$ 33,804,036</u> |

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

Note 7 - Capital Assets (Continued)

The Hospital's capital asset activity for the year ended December 31, 2020, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|-----------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,478,899 | \$ 1,760 | \$ -0- | \$ 2,480,659 |
| Construction in progress | 477,005 | 2,594,270 | (1,890,775) | 1,180,500 |
| Total capital assets not being depreciated | <u>2,955,904</u> | <u>2,596,030</u> | <u>(1,890,775)</u> | <u>3,661,159</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 37,125,728 | -0- | -0- | 37,125,728 |
| Building improvements | 12,429,995 | 1,380,213 | (2,106,907) | 11,703,301 |
| Land improvements | 1,395,841 | -0- | -0- | 1,395,841 |
| Equipment | 44,126,467 | 2,249,699 | (702,297) | 45,673,869 |
| Total capital assets being depreciated | 95,078,031 | 3,629,912 | (2,809,204) | 95,898,739 |
| Less accumulated depreciated | <u>(66,928,040)</u> | <u>(3,276,215)</u> | <u>1,350,110</u> | <u>(68,854,145)</u> |
| Total capital assets being depreciated, net | <u>28,149,991</u> | <u>353,697</u> | <u>(1,459,094)</u> | <u>27,044,594</u> |
| Total capital assets, net | <u>\$ 31,105,895</u> | <u>\$ 2,949,727</u> | <u>\$ (3,349,869)</u> | <u>\$ 30,705,753</u> |

Note 8- Parochial Employees' Retirement System Pension Plan

Plan Description

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

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

Note 8-

Parochial Employees Retirement System Pension Plan (Continued)

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

Eligibility Requirements

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

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

Retirement Benefits

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

Note 8-

Parochial Employees Retirement System Pension Plan (Continued)

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

Survivor Benefits

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

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

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

Deferred Retirement Option Plan

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

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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

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

Disability Benefits

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

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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

Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2020, the actuarially determined contribution rate was 11.11% of member's compensation for Plan A and 7.39% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2021 was 12.25% for Plan A and 7.50% for Plan B. The actual rate for the fiscal year ending December 31, 2020 was 12.25% for Plan A and 7.50% for Plan B.

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

The payroll for the Hospital employees covered by the system for the year ended December 31, 2021 and 2020 was \$30,537,194 and \$30,735,472; the Hospital's total payroll for 2021 and 2020 was \$35,136,550 and \$34,450,673, respectively. As of December 31, 2021, the total amount owed to the Parochial Retirement System was \$1,871,370 for October through December 2021 contributions.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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

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

At December 31, 2021, the Hospital reported overfunding of \$7,639,445 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

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

For the year ended December 31, 2021, the Hospital recognized pension expense of \$962,202. At December 31, 2021, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows | Deferred Inflows |
|---|----------------------|----------------------|
| Differences between expected and actual experience | \$ 1,963,978 | \$ 962,812 |
| Net difference between projected and actual earnings on pension plan investments | - | 15,743,943 |
| Changes in assumptions | 2,639,186 | - |
| Differences between Hospital contributions and proportionate share of contributions | 96,253 | 89,495 |
| Hospital contributions made subsequent to the measurement date | 3,785,431 | - |
| | | |
| Total | \$ 8,484,848 | \$ 16,796,250 |

The Hospital's contributions during the year ended December 31, 2021, reported as deferred outflows, of \$3,785,431 subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended December 31, 2021. 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: | |
|-------------------------|---------------|
| 2022 | \$(3,381,268) |
| 2023 | (1,163,710) |
| 2024 | (4,982,809) |
| 2025 | (2,572,046) |

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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

Actuarial Methods and Assumptions

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

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

| | |
|----------------------------------|---|
| Valuation Date | December 31, 2020 |
| Actuarial Cost Method | Plan A - Entry Age Normal Plan B – Entry Age Normal |
| Actuarial Assumptions: | |
| Investment Rate of Return | 6.40%, net of investment expense, with inflation |
| Projected Salary Increases | Plan A - 4.75% (2.3% Inflation, 2.45% Merit) Plan B – 4.25% (2.3% Inflation, 1.95% Merit) |
| Mortality Rates: | |
| Employees: | 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. |
| Annuitants and beneficiaries: | Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. |
| Disabled retirees: | 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. |
| 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. |

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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

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

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2020.

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, 2020 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> |
|---------------------|--------------------------------|---|
| Fixed income | 33% | 0.86% |
| Equity | 51% | 3.36% |
| Alternatives | 14% | 0.67% |
| Real assets | 2% | 0.11% |
| Totals | 100% | 5.00% |
| Inflation | | 2.00% |
| Expected Arithmetic | | |
| Nominal Return | | 7.00% |

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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

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

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.40%, 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 5.40% or one percentage point higher 7.40% than the current rate.

| 1% Decrease | Current Discount Rate | 1% Increase |
|-----------------------|-----------------------|-------------------|
| 5.40% | 6.40% | 7.40% |
| Net Pension Liability | Net Pension Asset | Net Pension Asset |
| \$16,913,608 | \$(7,639,445) | \$(28,987,266) |

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, 2020. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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, 2021, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$17,356,366. Of that balance, \$14,289,619 is included in Assets Whose Use is Limited (Note 2).

At December 31, 2020, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$15,227,718. Of that balance, \$13,201,253 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, 2021, the Hospital has \$18,458,784 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$20,783,176 of pledged securities held in a custodial bank in the Hospital's name.

At December 31, 2020, the Hospital has \$16,251,940 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$18,975,693 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, 2021 and 2020, the Hospital did not have investments in any debt instruments.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

Note 10- Prior Year Balances

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

Note 11- Concentrations of Credit Risk

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

| | <u>2021</u> | | <u>2020</u> |
|----------|--------------|--|--------------|
| Medicare | 11 % | | 13 % |
| Medicaid | 6 | | 3 |
| Other | 83 | | 84 |
| | <u>100 %</u> | | <u>100 %</u> |

The mix of net patient revenues was as follows:

| | <u>2021</u> | | <u>2020</u> |
|----------|--------------|--|--------------|
| Medicare | 37 % | | 48 % |
| Medicaid | 14 | | 21 |
| Other | 49 | | 31 |
| | <u>100 %</u> | | <u>100 %</u> |

Note 12- Other Postemployment Benefits (OPEB)

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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

The Hospital contracted with a third-party consultant to perform the actuarial valuation required by GASB Statement No. 75 as of January 1, 2020 with a measurement date of December 31, 2021. For the Hospital plan, the actuarial valuation is required every other year, therefore, the actuarial valuation prepared will be utilized for the two-year periods of 2020 and 2021 with the inclusion of the appropriate second year adjustments. The 2020 valuation included a change in assumption for a decrease in the discount rate (described in the table below).

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

Plan Description: The Hospital'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 \$410,832 to the plan for 2021. Contribution rates for retirees ranged from \$215 to \$1,442 per month based on age and coverage for 2021.

The Hospital contributed \$479,376 (net of retirees' contributions) to the plan for 2021.

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, 2021 |
| Actuarial Valuation Date | January 1, 2020 |
| Inflation | 2.50% |
| Salary increases, including inflation | 3.00% |
| Discount rate | 1.84% |
| Prior year discount rate | 2.00% |
| 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 12/31/21 Fidelity General Obligation AA 20 year yield.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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

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

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

OPEB Plan – Number of Employees Covered:

| | |
|---|----------------|
| Inactive employees currently receiving benefit payments | 97 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Active employees | <u>129</u> |
| Total | <u>226</u> |

Changes in Total OPEB Liability

| | |
|---|---------------------|
| Balance at 12/31/2020 | \$ 27,288,136 |
| Changes for the year: | |
| Service Cost | 481,194 |
| Interest | 549,464 |
| Differences between expected and actual | (125,495) |
| Changes in assumptions/inputs | 1,650,255 |
| Change in benefit terms | - |
| Benefit payments | (479,376) |
| Administrative expense | - |
| Net Changes | <u>\$ 2,076,042</u> |
| Balance at 12/31/2021 | <u>\$29,364,178</u> |

Sensitivity of the Total OPEB Liability

| | | 1% Decrease | No Change | 1% Increase |
|-----------------------------|--|--------------|--------------|--------------|
| Discount Rate | | \$35,044,407 | \$29,364,178 | \$24,822,330 |
| Healthcare Cost Trend Rates | | \$23,921,322 | \$29,364,178 | \$36,531,182 |

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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

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

| | | |
|--|---------------------|---------------------|
| OPEB Expense | | |
| Service Cost | | \$ 481,194 |
| Interest on Liabilities | | 549,464 |
| Difference between Actual and Expected Experience | | (805,449) |
| Changes in Assumptions / Inputs | | 1,332,218 |
| Changes in Benefit Terms | | - |
| Total OPEB Expense | | <u>\$ 1,557,427</u> |
| Deferred Outflows and Inflows | Outflows | Inflows |
| Differences between actual and expected experience | \$ - | \$ 3,190,752 |
| Changes of assumptions or other inputs | 5,728,851 | 516,064 |
| Employer amounts for OPEB subsequent to measurement date | - | - |
| Total Deferred Outflows and Inflows | <u>\$ 5,728,851</u> | <u>\$ 3,706,816</u> |

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: | |
|-------------------------|-------------|
| 2022 | \$ 526,769 |
| 2023 | \$ 526,772 |
| 2024 | \$ 807,800 |
| 2025 | \$ (93,435) |
| 2026 | \$ 254,130 |
| 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 normally billed to the taxpayers in November. Billed taxes would then become delinquent on January 1 of the following year.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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

For the years ended December 31, 2021 and 2020, taxes of 6.95 mills were levied on property with net assessed valuations totaling \$1,370,917,313 and \$1,452,501,864 for Calcasieu Parish and \$113,737,730 and \$130,606,994 for Cameron Parish, respectively. Total taxes levied were \$10,318,353 and \$10,691,907 for the years ended December 31, 2021 and 2020. Taxes receivable at December 31, 2021 and 2020 were \$9,988,577 and \$10,691,907, all of which were considered collectible. The 6.95 mills were dedicated for the Maintenance Fund for both years.

Note 14- **Allowance for Doubtful Accounts**

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

Note 15- **Subsequent Events**

The Hospital evaluated its December 31, 2021 financial statements for subsequent events through the date the financial statements were available to be issued. The Hospital is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

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, 2021 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, 2021 and 2020 was \$6,839 and \$40,623, respectively.

Note 18- Investments Measured at Fair Value

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

Public Funds Money Market \$ 14,289,619 (Level 2 inputs)

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

Note 19- Construction in Progress

The Hospital has various construction projects in progress at December 31, 2021. The following is a schedule of the most significant projects.

| | Estimated Total Costs | Cost Incurred to Date | Estimated Completion Date |
|---------------------------------|--------------------------|--------------------------|------------------------------|
| Cath Lab Renovations | \$ 973,000 | \$ 55,079 | June 2022 |
| Carlyss Property Project | 1,517,907 | 959,887 | May 2022 |
| Dynamic Dimensions East Project | 424,966 | 366,908 | April 2022 |

REQUIRED SUPPLEMENTARY INFORMATION

WEST CALCASIEU CAMERON HOSPITAL
Sulphur, Louisiana
Schedule of Changes to Total OPEB Liability
and Related Ratios
For The Year Ended December 31, 2021

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

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, 2021

| Year ended December 30, | Hospital's Proportion of the Net Pension Liability (Asset) | Hospital's Proportionate Share of the Net Pension Liability (Asset) | Hospital's Covered- Employee Payroll | Hospital's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|----------------------------|---|---|---|---|---|
| 2014 | 4.70% | \$ 335,884 | \$ 25,772,718 | 1.30% | 99.50% |
| 2015 | 4.84% | \$ 1,323,131 | \$ 26,491,469 | 4.99% | 99.14% |
| 2016 | 4.62% | \$ 12,162,185 | \$ 27,157,674 | 44.78% | 92.23% |
| 2017 | 4.61% | \$ 9,501,449 | \$ 27,962,600 | 33.98% | 94.15% |
| 2018 | 1.62% | \$ (3,344,280) | \$ 28,641,835 | -11.68% | 101.98% |
| 2019 | 4.66% | \$ 20,682,956 | \$ 28,782,585 | 71.86% | 88.86% |
| 2020 | 4.51% | \$ 213,650 | \$ 30,735,472 | 0.70% | 99.89% |
| 2021 | 4.60% | \$ (7,639,445) | \$ 30,537,194 | -25.02% | 100.04% |

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

WEST CALCASIEU CAMERON HOSPITAL
Sulphur, Louisiana
Parochial Employees' Retirement System of Louisiana
Schedule of the Hospital's Contributions
For The Year Ended December 31, 2021

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

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

OTHER SUPPLEMENTARY INFORMATION

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

| | 2021 | 2020 |
|---|----------------------|----------------------|
| NURSING REVENUES - GROSS | | |
| Revenue from daily patient services | | |
| Medical and surgical | \$ 9,008,360 | \$ 9,410,198 |
| Intensive care | 7,258,916 | 6,413,104 |
| Nursery | 183,540 | 199,157 |
| Total Revenue from Daily Patient Services | 16,450,816 | 16,022,459 |
| Operating room | 9,320,914 | 8,369,303 |
| Endoscopy | 3,707,043 | 2,350,957 |
| Delivery room | 1,542,351 | 1,638,217 |
| Recover room | 2,042,105 | 1,857,406 |
| Central supply | 3,439,070 | 3,150,028 |
| Emergency room | 27,055,313 | 25,497,720 |
| TOTAL NURSING REVENUES - GROSS | \$ 63,557,612 | \$ 58,886,090 |

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

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|-----------------------|
| OTHER PROFESSIONAL SERVICE REVENUES - GROSS | | |
| Anesthesiology | \$ 1,771,550 | \$ 1,462,455 |
| Radiology | 21,913,173 | 20,375,988 |
| Laboratory | 15,814,256 | 12,984,346 |
| Cardiology, EKG and EEG | 7,658,111 | 7,177,891 |
| Physical therapy | 1,628,220 | 1,277,749 |
| Orthopedic | 63,699 | 80,117 |
| Nuclear medicine | 1,408,201 | 1,334,821 |
| Pharmacy | 48,674,674 | 39,583,555 |
| Respiratory therapy | 7,731,774 | 5,671,645 |
| Dietary - long term care | 41,704 | 27,915 |
| Ambulance service | 13,166 | 16,740 |
| Occupational therapy | 661,294 | 545,799 |
| Speech therapy | 212,403 | 165,153 |
| Housekeeping | 3,425 | 3,380 |
| Home health care | 1,746,715 | 1,717,959 |
| Therapeutic riding | 367,123 | 316,218 |
| Wellness center | 533,867 | 613,685 |
| Off site clinics | 6,337,606 | 4,829,470 |
| Outpatient testing | 1,151,861 | 1,230,714 |
| Wound healing | 348,997 | 525,994 |
| Diagnostic center | 8,432,140 | 6,314,916 |
| Sleep lab | 264,700 | 488,500 |
| Ear, nose, throat & aesthetic | 1,292,901 | 498,436 |
| Urology clinic | 2,003,356 | 1,586,146 |
| Obstetrics and gynecology | 2,691,591 | 2,199,513 |
| Family practice | 1,741,629 | 1,129,628 |
| Community health center | 1,507,850 | - |
| TOTAL OTHER PROFESSIONAL SERVICE REVENUES - GROSS | \$ 136,015,986 | \$ 112,158,733 |

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

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| NURSING EXPENSES | | |
| Nursing services - salaries | \$ 3,090,087 | \$ 3,004,634 |
| Nursing services - administrative salaries | 1,036,511 | 819,509 |
| Nursing services - expenses | 1,159,964 | 385,023 |
| Central supply - salaries | 224,259 | 223,933 |
| Central supply - expense | 293,931 | 286,825 |
| Operating room - salaries | 1,546,343 | 1,534,836 |
| Operating room - expenses | 2,054,135 | 2,220,607 |
| Endoscopy - salaries | 128,815 | 84,500 |
| Endoscopy - expenses | 205,523 | 167,705 |
| Delivery room - salaries | 1,069,550 | 1,005,910 |
| Delivery room - expenses | 166,504 | 150,705 |
| Nursery - salaries | 279,893 | 276,964 |
| Nursery - expenses | 47,873 | 43,521 |
| Recovery room - salaries | 254,392 | 256,730 |
| Recovery room - expenses | 13,379 | 12,008 |
| Intensive care - salaries | 1,996,337 | 1,796,890 |
| Intensive care - expenses | 1,320,237 | 344,819 |
| Emergency room - salaries | 2,518,783 | 2,475,497 |
| Emergency room - expenses | 859,266 | 963,510 |
| TOTAL NURSING EXPENSES | <u>\$ 18,265,782</u> | <u>\$ 16,054,126</u> |

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

| OTHER PROFESSIONAL SERVICE EXPENSES | 2021 | 2020 |
|--|----------------------|----------------------|
| Anesthesiology - expenses | \$ 100,125 | \$ 110,528 |
| Radiology - salaries | 1,333,412 | 1,329,984 |
| Radiology - expenses | 654,605 | 688,618 |
| Laboratory - salaries | 1,861,261 | 1,797,683 |
| Laboratory - expenses | 2,464,790 | 2,147,709 |
| Cardiology, EKG and EEG - salaries | 606,821 | 564,933 |
| Cardiology, EKG and EEG - expenses | 758,392 | 570,512 |
| Physical therapy - salaries | 942,962 | 932,910 |
| Physical therapy - expenses | 44,173 | 34,434 |
| Orthopedic room - expenses | 19,341 | 21,853 |
| Pharmacy - salaries | 1,177,865 | 1,166,442 |
| Pharmacy - expenses | 4,991,845 | 4,682,209 |
| Respiratory therapy - salaries | 830,492 | 784,794 |
| Respiratory therapy - expenses | 362,262 | 248,420 |
| Ambulance service - salaries | 106,272 | 107,935 |
| Ambulance service - expenses | 38,835 | 36,442 |
| Medical records - salaries | 581,144 | 563,679 |
| Medical records - expenses | 203,271 | 244,360 |
| Nuclear Medicine - salaries | 89,766 | 89,335 |
| Nuclear Medicine - expenses | 142,069 | 151,438 |
| Outpatient testing - salaries | 241,484 | 301,183 |
| Outpatient testing - expenses | 36,309 | 41,692 |
| Home health care - salaries | 1,013,907 | 1,050,451 |
| Home health care - expenses | 247,761 | 208,086 |
| Occupational therapy - salaries | 224,872 | 219,798 |
| Occupational therapy - expenses | 1,004 | 2,116 |
| Speech therapy - salaries | 141,715 | 144,699 |
| Speech therapy - expenses | 3,987 | 7,153 |
| Off site clinic - salaries | 1,501,060 | 1,493,816 |
| Off site clinic - expenses | 3,133,251 | 2,885,657 |
| Wellness center - salaries | 607,568 | 578,102 |
| Wellness center - expenses | 222,688 | 237,003 |
| Therapeutic riding - salaries | 222,320 | 218,114 |
| Therapeutic riding - expenses | 39,689 | 34,732 |
| Wound healing - salaries | 92,477 | 151,827 |
| Wound healing - expenses | 86,113 | 104,222 |
| Intergovernmental transfer distribution | - | 361,895 |
| Diagnostic center - salaries | 305,768 | 283,549 |
| Diagnostic center - expenses | 538,540 | 527,671 |
| Westlake diagnostic center - salaries | 150,491 | 127,418 |
| Westlake diagnostic center - expenses | 112,091 | 158,622 |
| Sleep lab - expenses | 40,790 | 71,714 |
| Ear, nose, throat and aesthetic - salaries | 571,091 | 564,439 |
| Ear, nose, throat and aesthetic - expenses | 150,955 | 131,948 |
| Urology clinic - salaries | 145,930 | 128,956 |
| Urology clinic - expenses | 1,970,242 | 1,547,911 |
| Obstetrics and gynecology - salaries | 1,255,316 | 1,280,578 |
| Obstetrics and gynecology - expenses | 426,262 | 392,182 |
| Family practice - salaries | 947,360 | 840,041 |
| Family practice - expenses | 164,766 | 185,674 |
| Community health center - salaries | 570,032 | - |
| Community health center - expenses | 918,183 | - |
| TOTAL OTHER PROFESSIONAL SERVICE EXPENSES | \$ 33,393,725 | \$ 30,555,467 |

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

| | 2021 | 2020 |
|---|---------------------|---------------------|
| GENERAL SERVICE EXPENSES | | |
| Dietary - salaries | \$ 809,365 | \$ 820,498 |
| Dietary - food | 271,877 | 244,671 |
| Dietary - expenses | 91,948 | 82,991 |
| Housekeeping - salaries | 684,932 | 689,007 |
| Housekeeping - expenses | 93,078 | 88,840 |
| Laundry - salaries | 235,370 | 249,605 |
| Laundry - expenses | 65,214 | 70,680 |
| Operating and maintenance of plant - salaries | 1,126,105 | 1,136,981 |
| Operating and maintenance of plant - expenses | 1,336,992 | 1,102,577 |
| Medical staff services - salaries | 130,810 | 133,561 |
| Medical staff services - expenses | 26,914 | 22,689 |
| | \$ 4,872,605 | \$ 4,642,100 |
| TOTAL GENERAL SERVICE EXPENSES | \$ 4,872,605 | \$ 4,642,100 |

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

| | 2021 | 2020 |
|---|----------------------|----------------------|
| FISCAL AND ADMINISTRATIVE SERVICE EXPENSES | | |
| Administrative - salaries | \$ 4,590,894 | \$ 4,576,064 |
| Administrative - general expenses | 15,314,903 | 10,031,461 |
| Payroll taxes and benefits | 6,365,140 | 9,712,464 |
| Insurance and liability claims | 1,333,983 | 872,949 |
| TOTAL FISCAL AND ADMINISTRATIVE SERVICE EXPENSES | \$ 27,604,920 | \$ 25,192,938 |

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedule of Expenditures of Federal Awards
For The Year Ended December 31, 2021

| Federal Grantor/Program or Cluster Title | Federal CFDA Number | Pass-through Grantor and Number | Federal Expenditures |
|---|--------------------------------|--|---------------------------------|
| Other Programs | | | |
| Department of Health and Human Services | | | |
| Provider Relief Fund | | | |
| Provider Relief Fund COVID-19 | 93.498 | * | \$ 7,288,497 |
| Total Provider Relief Fund | | | <u>7,288,497</u> |
| COVID-19 Testing for Rural Health Clinics | | | |
| COVID-19 Testing for Rural Health Clinics | 93.697 | | 148,384 |
| Total COVID-19 Testing for Rural Health Clinics | | | <u>148,384</u> |
| Total Department of Health and Human Services | | | <u>7,436,881</u> |
| Department of the Treasury | | | |
| Coronavirus Relief Fund | | | |
| Coronavirus Relief Fund COVID-19 | 21.019 | Calcasieu Parish Police Jury | 247,850 |
| Total Coronavirus Relief Fund | | | <u>247,850</u> |
| Total Department of the Treasury | | | <u>247,850</u> |
| Total Other Programs | | | <u>7,684,731</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 7,684,731</u> |

* Major Program

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of West Calcasieu-Cameron Hospital and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements contained by Title 2 of U. S. Code of Federal Regulations Part 200, Uniform Requirements, Cost Principles, and Requirements for Federal Awards (Uniform Guidance). The amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements.

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance

**WEST CALCASIEU CAMERON HOSPITAL
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
PERIOD ENDING DECEMBER 31, 2021**

JANIE FRUGE', CEO

| <u>Purpose</u> | <u>Amount</u> |
|--------------------------|----------------|
| Salary | 299,351 |
| Benefits, Insurance | 1,872 |
| Benefits, Retirement | 43,794 |
| Reimbursement - mileage | 491 |
| Conference Travel | - |
| Conference Lodging | - |
| Conference Meals | 1,327 |
| Registration Fees | 345 |
| Cell phone reimbursement | <u>720</u> |
| TOTAL | 347,900 |

Note: This schedule is included as supplementary information.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Calcasieu-Cameron Hospital as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise West Calcasieu-Cameron Hospital's financial statements as listed in the table of contents, and have issued our report thereon dated May 15, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Steven M. DeRouen & Associates

Lake Charles, Louisiana
May 15, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Opinion on Each Major Federal Program

We have audited West Calcasieu-Cameron Hospital's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of West Calcasieu-Cameron Hospital's major federal programs for the year ended December 31, 2021. West Calcasieu-Cameron Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, West Calcasieu-Cameron Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of West Calcasieu-Cameron Hospital and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of West Calcasieu-Cameron Hospital's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to West Calcasieu-Cameron Hospital's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on West Calcasieu-Cameron Hospital's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about West Calcasieu-Cameron Hospital's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding West Calcasieu-Cameron Hospital's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of West Calcasieu-Cameron Hospital's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of West Calcasieu-Cameron Hospital's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
May 15, 2022

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2021

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 |

Federal Awards

| | | | | | |
|---|-----|-----|-----|---|---------------|
| Internal control over major programs: | | | | | |
| Material weaknesses identified? | ___ | Yes | ___ | X | No |
| Significant deficiencies identified not considered to be material weaknesses? | ___ | Yes | ___ | X | None reported |
| Type of auditor’s report issued on compliance for major programs: | | | | | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance | ___ | Yes | ___ | X | No |

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 93.498 | US Department of Health and Human Services, Provider Relief Fund Covid-19 |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINDINGS AND RESPONSES

None

No Separate Management Letter Issued

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedule of Prior Year Audit Findings
December 31, 2021

PRIOR YEAR FINDINGS

None

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. West Calcasieu Cameron Hospital's management is responsible for those C/C areas identified in the SAUPs.

West Calcasieu Cameron Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

No exceptions were found as a result of these procedures.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions were found as a result of these procedures.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception (3b): Noted the individual (Controller) who reviews each bank reconciliation also posts ledgers.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Exception (6): The entity does not maintain a bond or insurance policy for theft covering all employees who have access to cash.

Exception (7d): Cash deposits are deposited in the bank two times a week.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions were found as a result of these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined

statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions were found as a result of these procedures.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of these procedures.

Contracts

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

No exceptions were found as a result of these procedures.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of these procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were found as a result of these procedures.

Debt Service

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

These procedures are not applicable to the entity. The entity did not have any debt outstanding during 2021.

Fraud Notice

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

No exceptions were found as a result of these procedures.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

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

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

No exceptions were found as a result of these procedures.

Management's Responses

3b – The entity will review its bank reconciliation procedures and will consider assigning the reconciliation review function to another employee.

6 – The entity will secure a bond or insurance policy for theft covering all employees who have access to cash.

7d – The entity believes its current policy of delivering its cash deposits to the bank two times a week is adequate and maintains compensating controls to address this procedure.

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

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

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

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
June 24, 2022