

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

Financial Statements
December 31, 2018 and 2017

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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 Financial Statements

I have audited the accompanying financial statements of West Calcasieu-Cameron Hospital as of and for the year ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Calcasieu-Cameron Hospital as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, and the information on pages 47 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer-Louisiana Revised Statute 24:513A. (1) (a) is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer-Louisiana Revised Statute 24:513A. (1) (a) is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 9, 2019 on my consideration of West Calcasieu-Cameron Hospital's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Calcasieu-Cameron Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Calcasieu-Cameron Hospital's internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
June 9, 2019

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2018**

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, 2018. 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.

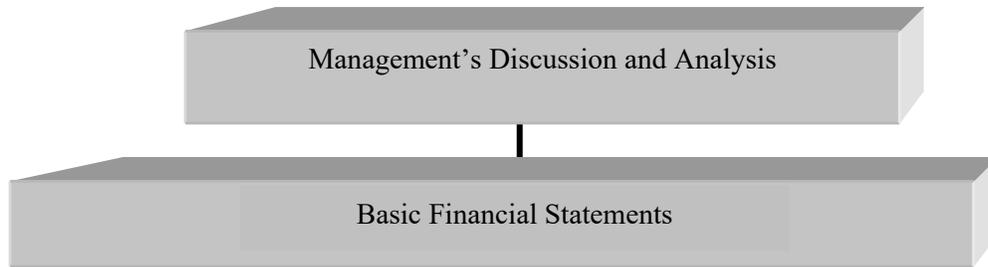
FINANCIAL HIGHLIGHTS

- ★ The Hospital’s assets and deferred outflows exceeded its liabilities and deferred inflows at the close of fiscal year 2018 by \$36,212,490 which represents a 4.7% decrease from last fiscal year. Of this amount, \$4,515,872 (unrestricted net position) may be used to meet the Hospital’s ongoing obligations to its users.

- ★ The Hospital’s net patient service revenue decreased \$1,256,008 (or 2.2%) and the total operating expenses decreased by \$2,398,076 (or 3.2 %).

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, 2018**

Basic Financial Statements

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

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

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY

	2018	2017	2016
Current and other assets	\$38,229,893	\$39,824,647	\$34,315,817
Capital assets	32,567,908	33,258,980	36,270,916
Total assets	<u>70,797,801</u>	<u>73,083,627</u>	<u>70,586,733</u>
Deferred outflows	7,788,709	13,268,938	18,948,142
Total assets and deferred outflows	<u>78,586,510</u>	<u>86,352,565</u>	<u>89,534,875</u>
Other liabilities	30,171,473	43,434,239	24,448,705
Long-term debt outstanding	871,290	3,221,263	6,159,251
Total liabilities	<u>31,042,763</u>	<u>46,655,502</u>	<u>30,607,956</u>
Deferred inflows	11,331,257	1,662,955	2,521,082
Net position:			
Net investment in capital assets	31,696,618	30,037,717	30,111,665
Amounts restricted for debt service	-	432,629	720,825
Unrestricted amounts	4,515,872	7,563,762	25,573,347
Total net position	<u>36,212,490</u>	<u>38,034,108</u>	<u>56,405,837</u>
Total liabilities, deferred inflows, and net position	<u>\$78,586,510</u>	<u>\$86,352,565</u>	<u>\$89,534,875</u>

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

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2018**

The net position of the Hospital decreased by \$1,821,618, from December 31, 2017 to December 31, 2018.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 62,722,829	\$ 62,558,662	\$ 64,699,407
Operating expenses	<u>73,180,662</u>	<u>75,578,738</u>	<u>75,047,762</u>
Operating income (loss)	<u>(10,457,833)</u>	<u>(13,020,076)</u>	<u>(10,348,355)</u>
Non-operating revenues (expenses)	<u>8,636,215</u>	<u>11,050,703</u>	<u>10,954,698</u>
Increase (decrease) in net position	<u>\$ (1,821,618)</u>	<u>\$ (1,969,373)</u>	<u>\$ 606,343</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2018, the Hospital had \$32,567,908, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, equipment, land improvements, and construction in progress. (See Table below). This amount represents a net decrease (including additions and deductions) of \$691,072 or 2.1%, from last year.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Buildings and Improvements	\$ 49,292,344	\$ 48,982,345	\$ 48,869,213
Equipment	43,834,482	42,673,784	42,078,410
Construction in Progress	39,469	178,960	306,430
Land and Improvements	3,749,621	3,692,581	3,511,181
Less Accumulated Depreciation	<u>(64,348,008)</u>	<u>(62,268,690)</u>	<u>(58,494,318)</u>
Totals	<u>\$ 32,567,908</u>	<u>\$ 33,258,980</u>	<u>\$ 36,270,916</u>

This year's significant Capital additions included above are:

- Ingenia MRI System \$ 1,150,571
- Trane Chiller Project \$ 273,300

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2018**

Debt

The Hospital had \$-0- in general obligation bonds outstanding at year-end, compared to \$2,845,000 last year. A summary of this debt is shown in the table below.

	Outstanding Debt at Year-end		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Obligation Bonds	-0-	2,845,000	5,575,000

The Hospital's 2008 Series General Obligation bonds were Standard and Poor's rated "AAA".

CONTACTING THE HOSPITAL'S MANAGEMENT

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

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

ASSETS	2018	2017
Current Assets		
Cash and cash equivalents	\$ 1,740,093	\$ 5,109,495
Assets whose use is limited-cash equivalents:		
Required for current debt service	-	723,859
By board required for operations	11,475,196	6,727,643
Assets whose use is limited:		
Required for current debt service - taxes receivable	-	2,766,832
By board for capital improvements	-	1,055,205
Accounts receivable from patients	13,970,498	18,586,663
Less allowance for uncollectible accounts	(4,144,939)	(6,719,831)
Interest receivable	3,436	3,436
Other receivables	8,182,789	7,854,246
Inventories	1,721,222	1,785,107
Prepaid expenses	1,411,304	1,418,495
Other current assets	849	843
Total Current Assets	34,360,448	39,311,993
Property, Plant and Equipment		
Construction-in-progress	39,469	178,960
Buildings and improvements	49,292,344	48,982,345
Equipment	43,834,482	42,673,784
Land and improvements	3,749,621	3,692,581
Less allowance for depreciation	(64,348,008)	(62,268,690)
Net Property, Plant and Equipment	32,567,908	33,258,980
Other Assets		
Assets whose use is limited:		
By board for capital improvements	525,165	512,654
Net pension asset	3,344,280	-
Total Other Assets	3,869,445	512,654
TOTAL ASSETS	70,797,801	73,083,627
DEFERRED OUTFLOWS		
Deferred outflows of resources related to pensions	7,788,709	13,268,938
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 78,586,510	\$ 86,352,565

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,**

	2018	2017
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 3,014,980	\$ 3,108,540
Accrued compensation and retirement	3,697,222	3,889,832
Accrued health insurance benefits	665,314	794,444
Accrued interest payable	-	37,933
Other accrued expenses	151,897	77,717
Deferred revenue	-	1,946,325
Due to Medicare and Medicaid - cost report settlement	399,845	834,325
Due within one year - capital lease	158,602	213,062
Due within one year - general obligation bonds	-	2,845,000
Total Current Liabilities	8,087,860	13,747,178
Long-Term Liabilities		
Due in more than one year - capital lease	712,688	163,201
Other post-employment benefits	22,242,215	23,243,674
Net pension liability	-	9,501,449
Total Long-Term Debt	22,954,903	32,908,324
TOTAL LIABILITIES	31,042,763	46,655,502
DEFERRED INFLOWS		
Deferred inflows of resources related to pensions and OPEB	11,331,257	1,662,955
NET POSITION		
Net investment in capital assets	31,696,618	30,037,717
Amounts restricted for debt service	-	432,629
Unrestricted amounts	4,515,872	7,563,762
TOTAL NET POSITION	36,212,490	38,034,108
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 78,586,510	\$ 86,352,565

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,**

	2018	2017
PATIENT SERVICE REVENUE		
Gross patient service revenue - nursing	\$ 53,317,441	\$ 57,709,792
Gross patient service revenue - other professional services	139,374,099	137,930,492
Less: contractual allowances and discounts	(124,987,720)	(126,408,475)
	67,703,820	69,231,809
Less: provision for uncollectible accounts	(12,027,026)	(12,299,007)
Net Patient Service Revenue	55,676,794	56,932,802
OTHER REVENUE		
Cafeteria and vending machines	378,612	328,997
Record room and miscellaneous	12,653	13,547
Donations	-	180,421
Other revenues	6,654,770	5,102,895
Total Other Revenue	7,046,035	5,625,860
TOTAL REVENUE	62,722,829	62,558,662
OPERATING EXPENSES		
Nursing expenses	15,301,833	15,934,561
Other professional service expenses	30,006,871	29,834,660
General service expenses	4,764,563	4,449,295
Fiscal and administrative services expenses	19,297,649	20,988,234
Depreciation expense	3,784,401	4,223,629
Interest expense on bonds	18,967	136,550
Interest expense on leases	6,378	11,809
Total Operating Expenses	73,180,662	75,578,738
INCOME (LOSS) FROM OPERATIONS	(10,457,833)	(13,020,076)
NON-OPERATING REVENUE AND (EXPENSES)		
Ad valorem taxes	7,363,384	9,855,786
Rent income	729,289	742,930
Investment income	218,571	51,086
Gain (loss) on disposal of assets	64,678	(107,533)
Miscellaneous	260,293	508,434
Total Non-Operating Revenue and (Expenses)	8,636,215	11,050,703
INCREASE (DECREASE) IN NET POSITION	\$ (1,821,618)	\$ (1,969,373)

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,**

	2018	2017
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	\$ 38,034,108	\$ 56,405,837
PRIOR PERIOD ADJUSTMENT - IMPLEMENTATION OF GASB 75 (AS DESCRIBED IN NOTE 20)	-	(16,402,356)
NET POSITION - BEGINNING OF YEAR, AS RESTATED	38,034,108	40,003,481
INCREASE (DECREASE) IN NET POSITION	(1,821,618)	(1,969,373)
NET POSITION - END OF YEAR	\$ 36,212,490	\$ 38,034,108

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,

	2018	2017
Cash Flows From Operating Activities:		
Receipts from patients and users	\$ 67,473,833	\$ 67,450,117
Payments to suppliers and others	(32,797,582)	(25,791,196)
Payments to employees and benefits	(40,697,738)	(40,681,752)
Interest paid	(63,278)	(193,859)
Net Cash Provided (Used) by Operating Activities	(6,084,765)	783,310
Cash Flows From Capital and Related Financing Activities:		
Payment for capital expenditures	(2,312,215)	(1,322,617)
Proceeds from sale of capital assets	9,918	2,146
Principal payment on bonds and notes	(2,845,000)	(2,730,000)
Principal payments under capital lease obligations	(231,050)	(207,988)
Other	(277)	1,245
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,378,624)	(4,257,214)
Cash Flows From Investing Activities:		
(Purchase) sale of assets whose use is limited, net	1,042,694	(8,990)
Investment income	218,571	51,086
Cash received for ad valorem taxes	9,866,834	9,488,819
Rent income	729,289	742,930
Miscellaneous	260,293	508,434
Net Cash Provided (Used) by Investing Activities	12,117,681	10,782,279
Net Increase (Decrease) in Cash	654,292	7,308,375
Cash and Cash Equivalents - Beginning of Year	12,560,997	5,252,622
Cash and Cash Equivalents - End of Year	\$ 13,215,289	\$ 12,560,997

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,

	2018	2017
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (10,457,833)	\$ (13,020,076)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	3,784,401	4,223,629
Provisions for losses on accounts receivable, net	(2,574,892)	(2,759,687)
(Increase) decrease in receivables	4,551,004	4,755,087
(Increase) decrease in inventory	63,885	121,412
(Increase) decrease in prepaid expenses	7,191	(178,145)
(Increase) decrease in other receivables - UPL	-	186,079
(Increase) decrease in other current assets	(6)	50,756
(Increase) decrease in net pension asset	(3,344,280)	-
Increase (decrease) in accounts payable and other accrued expenses	(2,759,858)	4,151,781
Increase (decrease) in net pension liability	(9,501,449)	(2,660,736)
Increase (decrease) in deferred inflows	9,668,302	(858,127)
(Increase) decrease in deferred outflows	5,480,229	5,679,204
Increase (decrease) in accrued OPEB payable	(1,001,459)	1,092,133
Total Adjustments	4,373,068	13,803,386
Net Cash Provided (Used) by Operating Activities	\$ (6,084,765)	\$ 783,310
 Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 63,278	\$ 193,859
 Cash and Cash Equivalents:		
Unrestricted	\$ 1,740,093	\$ 5,109,495
Assets whose use is limited	11,475,196	7,451,502
	\$ 13,215,289	\$ 12,560,997

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements
December 31, 2018 and 2017

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, 2018 and 2017

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 4.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

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

Property, Plant, and Equipment - Property, plant, and equipment of the Hospital is recorded at cost. Depreciation is recorded using the straight- line method in amounts sufficient to amortize the cost of its assets over their estimated useful lives.

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

	Life
Hospital equipment	3 - 25 years
Buildings and improvements	3 - 50 years
Parking lots	5 - 25 years
Land improvements	5 - 25 years

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

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

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

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Advertising Expense - The Hospital expenses the cost of advertising as the expense is incurred. For the years ended December 31, 2018 and 2017, the cost totaled \$17,417 and \$12,139, 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, 2018 and 2017

Note 2 - Assets Whose Use is Limited (continued)

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

	2018 <u>Fair Value</u>	2017 <u>Fair Value</u>
Cash	\$ -0-	\$ 723,859
Money Market	11,475,196	6,727,643
Certificates of Deposit	525,165	1,567,859
Taxes Receivable	<u>-0-</u>	<u>2,766,832</u>
Total Assets Whose Use Is Limited	<u>\$ 12,000,361</u>	<u>\$ 11,786,193</u>

Note 3 - Hospital Bonds Payable

Long-term debt at December 31, 2018 and 2017 consists of the following:

<u>General obligation bonds:</u>	<u>2018</u>	<u>2017</u>
\$15,000,000 Calcasieu-Cameron Hospital Service District General Obligation Bonds, Series 2008, due in annual principal and semi-annual interest installments, annual total debt service payments of \$1,665,975 to \$2,912,050 through March 1, 2018, interest of 4.0% to 5.0%, secured by unlimited ad valorem taxation	\$ <u>-0-</u>	\$ <u>2,845,000</u>

The following is a summary of bonds payable transactions of the Hospital for the year ended December 31, 2018:

	<u>General Obligation</u>
Outstanding at January 1, 2018	\$ 2,845,000
Bonds Issued	-0-
Bonds Retired	<u>(2,845,000)</u>
Outstanding at December 31, 2018	<u>\$ -0-</u>

The following is a summary of bonds payable transactions of the Hospital for the year ended December 31, 2017:

	<u>General Obligation</u>
Outstanding at January 1, 2017	\$ 5,575,000
Bonds Issued	-0-
Bonds Retired	<u>(2,730,000)</u>
Outstanding at December 31, 2017	<u>\$ 2,845,000</u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 4 - 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 \$200,000.

Note 5 - 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,

	2018	2017
Frank LaBarbera	\$ 3,300	\$ 1,400
Robert Davidson	3,300	1,500
Bobby LeTard	3,300	1,400
Joseph Devall	2,400	1,300
Rickey Watson	3,300	1,500
Total	\$ 15,600	\$ 7,100

Note 6 - Accrued Compensation

Accrued payroll for the years ended December 31, 2018 and 2017, paid in the subsequent year, totaled \$1,333,319 and \$1,316,209, respectively. Accrued compensated absences totaled \$1,105,925 and \$1,026,591 for the years ended December 31, 2018 and 2017, respectively, and has been accrued at the employees' present salary levels for vacation time earned.

Note 7 - 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, 2018.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 7 - Leases (Continued)

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

Year Ending December 31,	
2019	\$ 195,445
2020	195,445
2021	195,445
2022	195,445
2023	<u>195,445</u>
Total Minimum Lease Payments	977,225
Less: Amount Representing Interest	<u>105,935</u>
Present Value of Future Minimum Lease Payments	<u>\$ 871,290</u>

The Hospital leases part of the Hospital facilities under an operating lease to a provider of long-term acute care services. The lease term was renewed October, 2014 for 60 months. The cost of the property under this lease is \$185,836 and \$186,636 for the years ending December 31, 2018 and 2017, respectively. The accumulated depreciation is \$163,474 for the year ended December 31, 2018 and \$155,986 for the year ending December 31, 2017. The following is a schedule of future minimum rentals due to the Hospital.

Year ending December 31:

2019 \$54,949

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

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

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 7 - Leases (Continued)

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

Total rent expense for the years ended December 31, 2018 and 2017 was \$542,740 and \$489,599, respectively. The following is a schedule of future minimum rental payments due to others under these lease agreements.

Year ending December 31:	
2019	\$ 429,600
2020	\$ 425,164
2021	\$ 360,684
2022	\$ 360,684
2023	\$ 360,684
2024	\$ 85,155

Note 8 - Capital Assets

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

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 8 - Capital Assets (Continued)

The Hospital's capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,173,780	\$ 180,000	\$ -0-	\$ 2,353,780
Construction in progress	306,430	6,391	(133,861)	178,960
Total capital assets not being depreciated	<u>2,480,210</u>	<u>186,391</u>	<u>(133,861)</u>	<u>2,532,740</u>
Capital assets being depreciated:				
Buildings	37,222,256	-0-	(96,528)	37,125,728
Building improvements	11,646,957	209,660	-0-	11,856,617
Land improvements	1,337,401	1,400	-0-	1,338,801
Equipment	42,078,410	1,050,514	(455,140)	42,673,784
Total capital assets being depreciated	92,285,024	1,261,574	(551,668)	92,994,930
Less accumulated depreciated	(58,494,318)	(4,216,359)	441,987	(62,268,690)
Total capital assets being depreciated, net	<u>33,790,706</u>	<u>(2,954,785)</u>	<u>(109,681)</u>	<u>30,726,240</u>
Total capital assets, net	<u>\$ 36,270,916</u>	<u>\$(2,768,394)</u>	<u>\$ (243,542)</u>	<u>\$ 33,258,980</u>

Note 9- Parochial Employees' Retirement System

Plan Description

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

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 9- Parochial Employees Retirement System (Continued)

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

Eligibility Requirements

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

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

Retirement Benefits

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 9- Parochial Employees Retirement System (Continued)

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

Survivor Benefits

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

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

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

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

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

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 9- Parochial Employees Retirement System (Continued)

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

Disability Benefits

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

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 9- Parochial Employees Retirement System (Continued)

Cost of Living Increases

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

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2017, the actuarially determined contribution rate was 9.35% of member's compensation for Plan A and 6.75% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2017 was 12.50% for Plan A and 8.00% for Plan B.

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

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

At December 31, 2018, the Hospital reported a asset of \$3,344,280 for its proportionate share of the net pension asset. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 9- Parochial Employees Retirement System (Continued)

For the year ended December 31, 2018, the Hospital recognized pension expense of \$4,191,461. At December 31, 2018, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience and changes in assumptions	\$ -	\$2,164,830
Net difference between projected and actual earnings on pension plan investments	-	7,761,275
Differences between Hospital contributions and proportionate share of contributions and changes in assumptions	4,494,898	-
Hospital contributions made subsequent to the measurement date	3,293,811	-
Total	\$ 7,788,709	\$ 9,926,105

The Hospital's contributions during the year ended December 31, 2018, reported as deferred outflows, of \$3,293,811 subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended December 31, 2019. 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:	
2019	\$765,674
2020	(521,953)
2021	(2,612,669)
2022	(3,062,259)

Actuarial Methods and Assumptions

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 9- Parochial Employees Retirement System (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 are as follows:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry
Age Normal Actuarial Assumptions:	
Investment Rate of Return	6.75%, net of investment expense
Projected Salary Increases	5.25% (2.5% Inflation, 2.75% Merit)
Mortality Rates	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 9- Parochial Employees Retirement System (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real assets	2%	0.12%
Totals	<u>100%</u>	<u>5.62%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Normal Return		<u>7.62%</u>

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 9- Parochial Employees Retirement System (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, 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 5.75% or one percentage point higher 7.75% than the current rate.

		Changes in Discount	
		Rate	
	1%	Current Discount	1%
	Decrease	Rate	Increase
	5.75%	6.75%	7.75%
Net Pension Liability (Asset)	\$16,488,515	\$(3,344,280)	\$(21,004,074)

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, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

Note 10- 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, 2018, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$13,740,454. Of that balance, \$12,000,361 is included in Assets Whose Use is Limited (Note 2).

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 10- **Cash, Cash Equivalents, Certificates of Deposit and Other Investments (Continued)**

At December 31, 2017, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$14,128,856. Of that balance, \$9,019,361 is included in Assets Whose Use is Limited (Note 2).

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held by the pledging financial institution's trust department or agent, in the Hospital's name.

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

At December 31, 2018, the Hospital has \$14,488,971 in deposits (collected bank balances). These deposits are secured from risk by \$750,000 of federal deposit insurance and \$16,288,581 of pledged securities held in a custodial bank in the Hospital's name.

At December 31, 2017, the Hospital has \$7,741,837 in deposits (collected bank balances). These deposits are secured from risk by \$750,000 of federal deposit insurance and \$8,906,611 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, 2018 and 2017, the Hospital did not have investments in any debt instruments.

Note 11- **Prior Year Balances**

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

*Note 12- **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>2018</u>		<u>2017</u>
Medicare	13 %		14 %
Medicaid	4		3
Other	83		83
	<u>100 %</u>		<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2018</u>		<u>2017</u>
Medicare	44 %		43 %
Medicaid	9		8
Other	47		49
	<u>100 %</u>		<u>100 %</u>

*Note 13- **Postemployment Healthcare Plan***

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

Funding Policy: The contribution requirements of plan members and the Hospital are established by the board. Hospital eligible retirees receiving benefits contributed \$380,608 to the plan for 2018. Contribution rates for retirees ranged from \$341 to 1,320 per month based on age and coverage for 2018.

The Hospital contributed \$505,671 (net of retirees' contributions) to the plan for 2018.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 13- Postemployment Healthcare Plan (Continued)

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

Measurement date	December 31, 2018
Actuarial Valuation Date	January 1, 2018
Inflation	2.50%
Salary increases, including inflation	3.00%
Discount rate	3.71%
Prior year discount rate	3.31%
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 12/31/18 Fidelity General Obligation AA 20 year yield.

Mortality rates for active employees were based on the RPH-2014 Employee Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

Mortality rates for retirees were based on the RPH-2014 Employee Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

OPEB Plan – Number of Employees Covered:

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 13- Postemployment Healthcare Plan (Continued)

Changes in Total OPEB Liability

Balance at 12/31/2017	<u>\$23,243,674</u>
Changes for the year:	
Service Cost	415,641
Interest	774,754
Differences between expected and actual	(137,991)
Changes in assumptions/inputs	(1,548,192)
Change in benefit terms	0
Benefit payments	(505,671)
Administrative expense	0
Net Changes	<u>(\$1,001,459)</u>
Balance at 12/31/2018	<u>\$22,242,215</u>

Sensitivity of the Total OPEB Liability

	1% Decrease	No Change	1% Increase
Discount Rate	\$26,446,316	\$22,242,215	\$18,917,858
Healthcare Cost Trend Rates	\$18,496,589	\$22,242,215	\$27,133,412

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

OPEB Expense			
Service Cost			\$ 415,641
Interest on Liabilities			\$ 774,754
Difference between Actual and Expected Experience			(\$ 22,999)
Changes in Assumptions / Inputs			(\$258,032)
Changes in Benefit Terms			<u>0</u>
Total OPEB Expense			<u>\$ 909,364</u>
Deferred Outflows and Inflows		Outflows	Inflows
Differences between actual and expected experience		\$0	\$ 114,992
Changes of assumptions or other inputs		\$0	\$1,290,160
Employer amounts for OPEB subsequent to measurement			
Value		<u>\$0</u>	<u>\$ 0</u>
Total Deferred Outflows and Inflows		<u>\$0</u>	<u>\$1,405,152</u>

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

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:	
2019	(\$281,031)
2020	(\$281,031)
2021	(\$281,031)
2022	(\$281,031)
2023	(\$281,031)
Thereafter	\$0

Note 14- Ad Valorem Taxes

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

For the years ended December 31, 2018 and 2017, taxes of 6.95 and 9.53 mills were levied on property with net assessed valuations totaling \$1,113,194,713 and \$1,064,662,304 for Calcasieu Parish and \$55,433,051 and \$53,283,163 for Cameron Parish, respectively. Total taxes levied were \$7,867,217 and \$10,321,010 for the years ended December 31, 2018 and 2017. Taxes receivable at December 31, 2018 and 2017 were \$7,716,671 and \$10,220,121, all of which were considered collectible. The 6.95 and 9.53 mills were dedicated as follows:

	<u>2018</u>	<u>2017</u>
Maintenance Fund	6.95 mills	6.95 mills
Sinking Fund	-0- mills	2.58 mills

Note 15- Allowance for Doubtful Accounts

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 16- **Subsequent Events**

The Hospital evaluated its December 31, 2018 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.

Note 17- **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, 2018 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 18- **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, 2018 and 2017 was \$71,927 and \$160,026, respectively.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Note 19- Deferred Revenue

Deferred revenue of \$1,946,325 as of December 31, 2017 represents six months of funds received through a Community Benefit Agreement with Lafayette General Medical Center, Inc. for indigent care and grant funds received from Louisiana Hospital Association Research and Education Foundation for an Administrative Designated Regional Coordinator. \$3,750,000 was received during 2017 through the Community Benefit Agreement. The agreement is for the period from July 2017 to June 2018 which leaves a balance in deferred revenue of \$1,875,000 at December 31, 2017. \$95,100 of grant funds from the Louisiana Hospital Association Research and Education Foundation was received during 2017. The agreement is for the period from October 2017 to September 2018 which leaves a balance in deferred revenue of \$71,325 at December 31, 2017.

Note 20- Prior Period Adjustment

The Hospital implemented GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB 45. GASB 75 requires public employers to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statement of the employer. As a result of this implementation, the beginning net position previously reported as December 31, 2017, has been restated to reflect the net OPEB liability as of that measurement date. The January 1, 2017, beginning balances of the net position were restated as follows:

Net position – beginning, as previously reported	\$ 56,405,837
Prior period adjustment – Implementation of GASB 75	<u>(16,402,356)</u>
Net position – beginning, as restated	<u>\$ 40,003,356</u>

Note 21- Investments Measured at Fair Value

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

Certificate of Deposit	\$ 525,165 (Level 2 inputs)
Public funds Money Market	\$11,475,196 (Level 2 inputs)

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

I have audited the financial statements of West Calcasieu-Cameron Hospital as of and for the years ended December 31, 2018 and 2017, and my report thereon dated June 9, 2019, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. My audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on pages 37 through 42 and 47 through 50 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
June 9, 2019

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

	2018	2017
NURSING REVENUES - GROSS		
Revenue from daily patient services		
Medical and surgical	\$ 6,249,578	\$ 4,986,495
Intensive care	3,317,535	2,747,074
Nursery	210,698	262,814
Total Revenue from Daily Patient Services	9,777,811	7,996,383
Operating room	10,373,678	13,055,147
Endoscopy	3,744,052	3,513,524
Delivery room	1,505,708	1,521,969
Recover room	2,202,148	2,823,792
Central supply	3,616,880	4,098,906
Emergency room	22,097,164	24,700,071
TOTAL NURSING REVENUES - GROSS	\$ 53,317,441	\$ 57,709,792

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

	<u>2018</u>	<u>2017</u>
OTHER PROFESSIONAL SERVICE REVENUES - GROSS		
Anesthesiology	\$ 1,889,464	\$ 1,862,156
Radiology	24,360,116	25,128,531
Laboratory	23,601,658	24,360,131
Cardiology, EKG and EEG	8,521,727	9,233,215
Physical therapy	2,080,102	2,192,181
Orthopedic	94,567	115,798
Nuclear medicine	1,683,283	1,628,386
Pharmacy	47,937,906	43,316,826
Respiratory therapy	5,760,230	6,209,891
Dietary - long term care	47,231	47,155
Ambulance service	73,303	93,558
Occupational therapy	939,863	605,062
Speech therapy	526,772	374,719
Housekeeping	1,690	-
Home health care	1,704,140	1,579,850
Therapeutic riding	393,313	373,448
Wellness center	1,504,174	1,441,618
Off site clinics	2,806,871	2,866,827
Outpatient testing	1,882,235	1,793,253
Wound healing	828,854	1,311,915
Diagnostic center	7,401,965	7,946,857
Sleep lab	237,400	253,700
Ear, nose, throat & aesthetic	497,081	664,071
Urology clinic	154,298	-
Obstetrics and gynecology	2,978,003	3,095,426
Family practice	1,467,853	1,435,918
TOTAL OTHER PROFESSIONAL SERVICE REVENUES - GROSS	\$ 139,374,099	\$ 137,930,492

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

	2018	2017
NURSING EXPENSES		
Nursing services - salaries	\$ 2,931,457	\$ 2,951,776
Nursing services - administrative salaries	831,636	855,917
Nursing services - expenses	330,691	345,535
Central supply - salaries	322,536	286,779
Central supply - expense	240,676	280,172
Operating room - salaries	1,424,698	1,461,041
Operating room - expenses	2,880,855	3,929,261
Endoscopy - salaries	173,342	194,794
Endoscopy - expenses	172,985	150,399
Delivery room - salaries	1,102,743	986,883
Delivery room - expenses	161,405	179,347
Nursery - salaries	170,207	203,922
Nursery - expenses	22,848	27,689
Recovery room - salaries	270,954	299,800
Recovery room - expenses	15,945	16,871
Intensive care - salaries	1,404,983	1,291,510
Intensive care - expenses	138,645	153,367
Emergency room - salaries	2,069,126	1,914,189
Emergency room - expenses	636,101	405,309
TOTAL NURSING EXPENSES	\$ 15,301,833	\$ 15,934,561

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

	<u>2018</u>	<u>2017</u>
OTHER PROFESSIONAL SERVICE EXPENSES		
Anesthesiology - expenses	\$ 103,934	\$ 126,564
Radiology - salaries	1,275,495	1,247,106
Radiology - expenses	746,823	654,335
Laboratory - salaries	1,643,184	1,535,093
Laboratory - expenses	1,892,614	2,097,674
Cardiology, EKG and EEG - salaries	589,062	587,593
Cardiology, EKG and EEG - expenses	773,952	868,905
Physical therapy - salaries	900,303	878,861
Physical therapy - expenses	53,496	81,631
Orthopedic room - expenses	23,629	28,631
Pharmacy - salaries	1,105,226	1,042,736
Pharmacy - expenses	6,627,108	6,159,119
Respiratory therapy - salaries	893,846	928,117
Respiratory therapy - expenses	241,172	216,783
Ambulance service - salaries	47,249	80,995
Ambulance service - expenses	68,980	100,102
Medical records - salaries	592,687	564,023
Medical records - expenses	208,894	208,349
Nuclear Medicine - salaries	150,301	137,757
Nuclear Medicine - expenses	198,522	208,710
Outpatient testing - salaries	290,763	268,811
Outpatient testing - expenses	49,336	48,634
Home health care - salaries	1,041,839	1,032,286
Home health care - expenses	297,860	309,754
Occupational therapy - salaries	162,765	127,397
Occupational therapy - expenses	23,853	36,679
Speech therapy - salaries	221,668	205,038
Speech therapy - expenses	4,023	2,338
Off site clinic - salaries	1,323,343	1,302,077
Off site clinic - expenses	869,763	822,390
Wellness center - salaries	761,875	708,811
Wellness center - expenses	392,577	383,563
Therapeutic riding - salaries	241,859	206,359
Therapeutic riding - expenses	34,169	42,626
Wound healing - salaries	297,102	307,480
Wound healing - expenses	95,003	101,838
Intergovernmental transfer distribution	1,450,000	2,415,050
Diagnostic center - salaries	270,238	278,829
Diagnostic center - expenses	525,563	404,101
Westlake diagnostic center - salaries	151,738	173,208
Westlake diagnostic center - expenses	126,286	156,314
Sleep lab - expenses	39,282	28,876
Ear, nose, throat and aesthetic - salaries	170,528	144,359
Ear, nose, throat and aesthetic - expenses	96,554	93,842
Urology clinic - salaries	19,170	-
Urology clinic - expenses	386,213	5,365
Obstetrics and gynecology - salaries	1,226,968	1,201,625
Obstetrics and gynecology - expenses	389,005	433,544
Family practice - salaries	711,444	660,434
Family practice - expenses	199,607	179,948
TOTAL OTHER PROFESSIONAL SERVICE EXPENSES	<u>\$ 30,006,871</u>	<u>\$ 29,834,660</u>

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

	2018	2017
GENERAL SERVICE EXPENSES		
Dietary - salaries	\$ 761,146	\$ 734,138
Dietary - food	345,042	348,563
Dietary - expenses	100,946	103,919
Housekeeping - salaries	573,546	578,660
Housekeeping - expenses	107,601	105,601
Laundry - salaries	189,871	175,255
Laundry - expenses	69,410	78,436
Operating and maintenance of plant - salaries	1,012,751	967,327
Operating and maintenance of plant - expenses	1,448,324	1,211,225
Medical staff services - salaries	120,667	112,390
Medical staff services - expenses	35,259	33,781
	\$ 4,764,563	\$ 4,449,295
TOTAL GENERAL SERVICE EXPENSES	\$ 4,764,563	\$ 4,449,295

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

	2018	2017
FISCAL AND ADMINISTRATIVE SERVICE EXPENSES		
Administrative - salaries	\$ 4,377,195	\$ 4,250,495
Administrative - general expenses	5,659,902	5,228,521
Payroll taxes and benefits	8,364,143	10,724,564
Insurance and liability claims	896,409	784,654
TOTAL FISCAL AND ADMINISTRATIVE SERVICE EXPENSES	\$ 19,297,649	\$ 20,988,234

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

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Calcasieu-Cameron Hospital as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise West Calcasieu-Cameron Hospital's financial statements as listed in the table of contents, and have issued my report thereon dated June 9, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered West Calcasieu-Cameron Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Calcasieu-Cameron Hospital's internal control. Accordingly, I do not express an opinion on the effectiveness of West Calcasieu-Cameron Hospital's internal control.

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Steven M. DeRouen & Associates

Lake Charles, Louisiana
June 9, 2019

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedule of Findings and Responses
December 31, 2018

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

SECTION II – FINDINGS AND RESPONSES

None

NO SEPARATE MANAGEMENT LETTER ISSUED

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedule of Prior Year Findings
December 31, 2018

SECTION III – PRIOR YEAR FINDINGS

None

WEST CALCASIEU CAMERON HOSPITAL
SCHEDULE OF CHANGES TO TOTAL OPEB LIABILITY
AND RELATED RATIOS
For The Year Ended December 31, 2018

Total OPEB Liability	2018	2019	2020	2021	2022
Service Cost	\$ 415,641				
Interest	\$ 774,754				
Changes in benefit terms	\$ -				
Differences between expected and actual	\$ (137,991)				
Changes in assumptions or other inputs	\$ (1,548,192)				
Benefit payments	\$ (505,671)				
Net Change in Total OPEB Liability	<u>\$ (1,001,459)</u>				
Total OPEB Liability - beginning	<u>\$ 23,243,674</u>				
Total OPEB Liability - ending	<u>\$ 22,242,215</u>				
Covered Employee Payroll	\$ 8,706,335				
Total OPEB Liability as a percentage of covered employee payroll	255.50%				
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:				
	2017	3.31%			
	2018	3.71%			

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, 2018

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

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

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

WEST CALCASIEU CAMERON HOSPITAL
Sulphur, Louisiana
Parochial Employees' Retirement System of Louisiana
Schedule of the Hospital's Contributions
For The Year Ended December 31, 2018

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

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

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

WEST CALCASIEU-CAMERON HOSPITAL

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

Year Ended December 31, 2018

Agency Head: Janie Fruge, CEO

Purpose	Amount
Salary	\$275,385
Benefits-insurance	\$1,899
Benefits-retirement	\$32,067
Reimbursements - mileage	\$1,349
Registration fees	\$1,325
Conference travel	\$670
Conference lodging	\$2,656
Conference meals	\$583
Cell phone reimbursement	\$780

Note: This schedule is included as supplementary information.