

**LOWER CAMERON
HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana**

**Financial Statements
December 31, 2017**

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INDEPENDENT ACCOUNTANT'S REVIEW

I have reviewed the accompanying financial statements of Lower Cameron Hospital Service District No. 2, a component unit of Cameron Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Other Matter Paragraphs

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to the agency head, political subdivision head, or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Such information, although not a required 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. The information is the responsibility of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express an opinion on such information.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 content.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
March 6, 2018

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

To Lower Cameron Hospital District No. 2 and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Lower Cameron Hospital District No. 2 and the Louisiana Legislative Auditor (the specified parties), on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2017, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$152,550. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws. ***No expenditure for materials or supplies over \$30,000 or public works over \$152,550.***

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law). ***Management provided the requested information.***
3. Obtain a list of all employees paid during the fiscal year. ***No employees.***
4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3. ***No employees.***
5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists. ***None applicable.***

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments. ***No budget required.***
7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions. ***No budget required.***
8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures, and report whether actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total). ***No budget required.***

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and: (a) report whether the six disbursements agree to the amount and payee in the supporting documentation, (b) report whether the six disbursements are coded to the correct fund and general ledger account, and (c) Report whether the six disbursements were approved in accordance with management's policies and procedures. ***All six disbursements agreed in amount and payee to supporting documentation and approved by management.***

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions. ***No exceptions.***

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions. ***No debt incurred.***

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts. ***No employees.***

Prior-Year Comments

13. Obtain and report management's representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved. ***Not applicable.***

Steven M. DeRouen & Associates

Lake Charles, Louisiana
March 6, 2018

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Statements of Net Position
As of December 31,

	2017
Assets	
Current Assets	
Cash and cash equivalents	\$ 799,699
Certificate of Deposit	124,289
Prepaid expenses	7,190
Other Receivable	-
Ad valorem taxes receivable	437,830
Total Current Assets	1,369,008
Property, Plant and Equipment	
Furniture and equipment	5,555
Building and improvements	592,230
	597,785
Less accumulated depreciation	(154,088)
Net Property, Plant and Equipment	443,697
Total Assets	1,812,705
Liabilities and Net Position	
Current Liabilities	
Accounts payable	87,962
Total Current liabilities	87,962
Long Term Liabilities	
Total Liabilities	87,962
Net Position	
Net investment in capital assets	443,697
Net position - unrestricted	1,281,046
Total net position	\$ 1,724,743

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Statements of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended December 31,

	2017
Revenue and Support	
Revenue:	
Ad valorem taxes	\$ 442,601
Support:	
Miscellaneous	2,585
Interest income	539
Total Support	3,124
Total Revenue and Support	445,725
Expenses	
General and administrative:	
Management fees	402,999
Office expense	88
Insurance expense	18,162
Legal and professional	6,900
Repairs and maintenance expense	9,737
Board commissioners expense	300
Depreciation expense	18,758
Utilities expense	6,422
Miscellaneous expense	224
Total Expenses	463,590
Change in Net Position	(17,865)
Net Position - Beginning of Year	1,742,608
Net Position - End of Year	\$ 1,724,743

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Statements of Cash Flows
For the Years Ended December 31,

	2017
Cash Flows From Operating Activities	
Receipts from taxes, donors, interest income, and other	\$ 443,372
Payments to suppliers and other	(339,036)
Net cash provided (used) by operating activities	104,336
Cash Flows From Capital and Related Financing Activities	
Purchase of equipment	-
Net cash provided (used) by capital and related financing activities	-
Cash Flows From Investing Activities	
Purchase of certificate of deposit	(63)
Net cash provided (used) by investing activities	(63)
Net increase (decrease) in Cash and Cash Equivalents	104,273
Cash and Cash Equivalents - Beginning of Year	695,426
Cash and Cash Equivalents - End of Year	\$ 799,699
Reconciliation of operating income to net cash provided (used) by operating activities:	
Change in net assets	\$ (17,865)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	18,758
(Increase) decrease in taxes receivable	(2,353)
(Increase) decrease in other receivable	15,137
(Increase) decrease in prepaid expenses	2,799
Increase (decrease) in accounts payable	87,860
Net Cash Provided (Used) by Operating Activities	\$ 104,336

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Notes to Financial Statements
December 31, 2017

Note 1 - Organization and Summary of Significant Accounting Policies

The Lower Cameron Hospital Service District No. 2 is a component unit of the Cameron Parish Police Jury. The District owns a building which houses a rural health clinic located in the Johnson Bayou community of Cameron Parish, Louisiana.

Reporting Entity - As more fully described in the paragraph above, the Hospital Service District is a component unit of the Cameron Parish Police Jury.

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

The District 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. 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.

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.

Risk Management - The District 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.

Reclassifications – Certain changes may have been made to the presentation of the December 31, 2014 financial statements to conform to the current period presentation.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
 Cameron, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 2017

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

Property, Plant, and Equipment - Property, plant, and equipment of the District 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
Buildings and improvements	10 - 40 years
Furniture and equipment	5 - 10 years

The District entered into a cooperative endeavor agreement with Cheniere LNG Terminals, Inc. (Cheniere), whereby, Cheniere donated a building and improvements valued at \$530,000 to be used as a health clinic to the District. The agreement also included the donation of land by the Stream Family Limited Partnership, where the clinic is situated. No value has been assigned to the land.

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.

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

Note 2 - Management Services Agreement

The District entered into a management services agreement with West Cal Cam Hospital, effective November 1, 2007, for the purpose of managing the rural health clinic. The compensation for said services will be cost based, with a minimum fee \$25,000 per month. The agreement is effective through October 31, 2022.

Note 3 - Compensation of the Board of Commissioners

The members of the Board of Commissioners of Lower Cameron Hospital District No. 2 received the following compensation for the fiscal year ended December 31, 2017.

Barry Hunt	\$ 75
Lynn Griffith	2,475
Christine Storm	50
Patty Morris	25
Blair Jinks	<u>75</u>
	<u>\$ 2,700</u>

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Notes to Financial Statements (Continued)
December 31, 2017

Note 4 - Subsequent Event

The District evaluated its December 31, 2017 financial statements for subsequent events through the date the financial statements are available to be issued. The District is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Note 5 - Cash, Cash Equivalents, Certificates of Deposit and Other Investments

Under Louisiana Revised Statutes 39:2955, 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 a principal office in Louisiana. Additionally, Louisiana statutes allow the Hospital to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, and mutual or trust funds register with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies. The District has no formal investment policy.

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.

The District had cash, cash equivalents and certificates of deposit (book balances) totaling \$923,988 at December 31, 2017 and \$819,652 at December 31, 2016. The deposits were insured by federal deposit insurance and the pledge of securities owned by the fiscal agent bank.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk is the risk that in the event of bank failure, the District's deposits may not be returned. At December 31, 2017, the District has \$922,552 in deposits (collected bank balances). These deposits are secured from risk by \$374,289 of federal deposit insurance and \$668,903 of pledged securities held by the custodial bank in the District's name.

The District deposits its cash with high quality financial institutions, and management believes the District is not exposed to significant credit risk on those amounts.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Notes to Financial Statements (Continued)
December 31, 2017

Note 6 - Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish 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 year ended December 31, 2017, taxes of 6 mills were levied on property with net assessed valuations of approximately \$73,961,246. Total taxes earned, net of pension funds, was \$442,601. The 6 mills were dedicated for maintenance.

SUPPLEMENTARY INFORMATION

I. LOWER CAMERON PARISH HOSPITAL SERVICE DISTRICT #2

Schedule of Compensation, Benefits and Other Payments to the President of the Board of Commissioners

Year Ended December 31, 2017

Agency Head: Barry Hunt, Board President

Purpose	Amount
Commissioner Fees	\$ 75
Benefits-insurance	0.00
Benefits-retirement	0.00
Benefits-Other	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00

Note: This schedule is included as supplementary information.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

March 6, 2018 (Date Transmitted)

Steven M DeRouen & Associates (CPA Firm Name)
P O Box 4265 (CPA Firm Address)
Lake Charles LA 70606 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2017 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No []

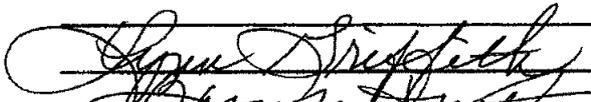
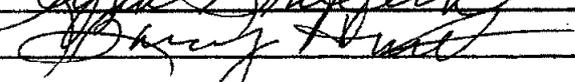
We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No []

The previous responses have been made to the best of our belief and knowledge.

	Secretary	_____	Date
	Treasurer	March 6, 2018	Date
	President	3/6/2018	Date