

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

Financial Statements
December 31, 2008 and 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/22/09

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on the Financial Statements	1 - 2
Management's Discussion and Analysis	3 - 6
Combined Balance Sheets	7 - 8
Combined Statements of Revenues and Expenses	9
Combined Statements of Changes in Net Assets	10
Combined Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 - 25
Supplementary Information	26
Independent Auditor's Report on Supplementary Information	27
West Calcasieu-Cameron Hospital Hospital Service District	
 Balance Sheets	28 - 29
 Statements of Revenues and Expenses	30
 Statements of Changes in Net Assets	31
West Calcasieu-Cameron Hospital West Calcasieu-Cameron Hospital Service District Corp (Foundation)	
 Balance Sheets	32
 Statements of Activities	33
Schedules of Nursing Revenues	34
Schedules of Other Professional Service Revenues	35
Schedules of Nursing Expenses	36
Schedules of Other Professional Service Expenses	37
Schedules of General Service Expenses	38
Schedules of Fiscal and Administrative Service Expenses	39

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based On an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	40 - 41
Schedule of Findings	42



BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

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Founded in 1978

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of West Calcasieu-Cameron Hospital as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our 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, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on Pages 3 through 6 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2009 on our consideration of West Calcasieu-Cameron Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Braussard & Company

Lake Charles, Louisiana
June 15, 2009

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2008**

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, 2008. 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 exceeded its liabilities at the close of fiscal year 2008 by \$36,900,884 which represents a 2.7% increase from last fiscal year. Of this amount, \$30,951,321 (unrestricted net assets) may be used to meet the Hospital's ongoing obligations to its users.
- ★ The Hospital's net patient revenue increased \$3,419,033 (or 6.0%) and the total operating expenses increased by \$5,197,957 (or 8.9%). Of the increase in expenses, \$2,817,704 was due to an increase in other professional service expense and \$2,650,327 was due to an increase in fiscal and administrative services expense.

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.

Management's Discussion and Analysis

Basic Financial Statements

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, 2008**

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 Combined Balance Sheets; the Combined Statements of Revenues and Expenses; and Combined Statements of Changes in Net Assets; and the Combined Statements of Cash Flows.

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

The Combined Cash Flow Statements (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

	2008	2007	2006
Current and other assets	\$38,183,993	\$30,008,329	\$30,876,296
Capital assets	32,482,914	26,209,215	24,801,387
Total assets	70,666,907	56,217,544	55,677,683
Other liabilities	7,241,789	6,739,716	6,087,068
Long-term debt outstanding	26,524,234	13,537,341	15,290,230
Total liabilities	33,766,023	20,277,057	21,377,298
Net assets:			
Invested capital assets, net of debt	5,949,563	12,657,163	9,499,444
Unrestricted	30,951,321	23,283,324	24,800,941
Total net assets	36,900,884	35,940,487	34,300,385
Total liabilities and net assets	\$70,666,907	\$56,217,544	\$55,677,683

Restricted net assets represent those assets that are not available for spending as a result of bond agreements. Conversely, unrestricted net assets 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, 2008**

The net assets of the Hospital increased by \$960,397, or 2.7%, from December 31, 2007 to December 31, 2008.

	2008	2007	2006
Operating revenues	\$ 60,494,371	\$ 56,921,698	\$ 53,814,317
Operating expenses	63,770,922	58,572,965	53,903,408
Operating income (loss)	(3,276,551)	(1,651,267)	(89,091)
Non-operating revenues (expenses)	4,236,948	3,291,369	2,501,983
Net increase (decrease) in net assets	\$ 960,397	\$ 1,640,102	\$ 2,412,892

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2008, the Hospital had \$32,482,914, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, equipment, land improvements, and construction in progress. (See Table below). This amount represents a net increase (including additions and deductions) of \$6,273,699 or 23.9%, from last year.

	2008	2007	2006
Buildings and Improvements	\$32,040,917	\$30,864,168	\$31,085,085
Equipment	27,182,685	27,760,461	25,225,678
Construction in Progress	8,503,668	2,151,125	998,150
Land and Improvements	2,885,317	2,746,317	2,758,359
Less Accumulated Depreciation	(38,129,673)	(37,312,856)	(35,265,885)
Totals	\$32,482,914	\$26,209,215	\$24,801,387

This year's significant Capital additions included above were:

- 920 1st Avenue Building and Land \$ 675,000
- Roof Replacement Project \$ 131,396
- Sleepover Sofas \$ 204,120

**WEST CALCASIEU-CAMERON HOSPITAL
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2008**

Debt

The Hospital had \$26,376,000 in bonds outstanding at year-end, compared to \$12,929,000 last year, an increase of 104 %. A summary of this debt is shown in the table below.

Outstanding Debt at Year-end

	2008	2007	2006
Revenue Bonds	\$ 2,986,000	\$ 3,654,000	\$ 4,322,000
General Obligation Bonds	<u>23,390,000</u>	<u>9,275,000</u>	<u>10,000,000</u>
Totals	<u>\$26,376,000</u>	<u>\$12,929,000</u>	<u>\$14,322,000</u>

The Hospital's 2008 Series General Obligation bonds are Standard and Poor's rated "AAA". The Hospital's 2006 Series General Obligation bonds are Standard & Poor's rated "BBB". The Hospital's 1998 Series A & B Revenue bonds are unrated.

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 William Hankins, Chief Executive Officer, West Calcasieu-Cameron Hospital.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Balance Sheets
As of December 31, 2008
(With Comparative Totals for December 31, 2007)

	Hospital Service District	Foundation	Totals	
			2008	2007
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 599,929	\$ 255,105	\$ 855,034	\$ 943,343
Assets whose use is limited-cash equivalents:				
Required for current debt service	438,363	-	438,363	150,496
By board for capital improvements	922,606	-	922,606	832,743
Assets whose use is limited:				
By board for capital improvements	13,525,878	-	13,525,878	8,815,458
By board required for operations	2,792,598	-	2,792,598	5,187,706
Accounts receivable from patients	12,005,283	-	12,005,283	12,384,871
Less allowance for uncollectible accounts	(2,253,491)	-	(2,253,491)	(3,192,189)
Interest receivable	3,436	-	3,436	29,878
Other receivables	3,628,311	-	3,628,311	2,138,982
Inventories	1,362,435	18,144	1,380,579	1,276,855
Prepaid expenses	382,242	-	382,242	335,348
Certificate of deposit	-	32,651	32,651	31,341
Other current assets	20,482	-	20,482	20,482
Total Current Assets	<u>33,428,072</u>	<u>305,900</u>	<u>33,733,972</u>	<u>28,955,314</u>
Assets Whose Use Is Limited				
By board for capital improvements	3,012,615	-	3,012,615	764,775
By board required for operations	1,008,270	-	1,008,270	7,564
Unrealized gain (loss) on investments	24,371	-	24,371	(34,917)
Total Noncurrent Assets Whose Use is Limited	<u>4,045,256</u>	<u>-</u>	<u>4,045,256</u>	<u>737,422</u>
Property, Plant and Equipment				
Construction-in-progress	8,503,668	-	8,503,668	2,151,125
Buildings and improvements	32,034,167	6,750	32,040,917	30,864,168
Equipment	27,155,164	27,521	27,182,685	27,760,461
Land and improvements	2,885,317	-	2,885,317	2,746,317
Less allowance for depreciation	(38,104,519)	(25,154)	(38,129,673)	(37,312,856)
Net Property, Plant and Equipment	<u>32,473,797</u>	<u>9,117</u>	<u>32,482,914</u>	<u>26,209,215</u>
Other Assets				
Investment in joint venture	265,918	-	265,918	220,278
Cost of bonds issued	138,847	-	138,847	95,315
Total Other Assets	<u>404,765</u>	<u>-</u>	<u>404,765</u>	<u>315,593</u>
TOTAL ASSETS	<u>\$70,351,890</u>	<u>\$ 315,017</u>	<u>\$70,666,907</u>	<u>\$56,217,544</u>

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Balance Sheets (Continued)
As of December 31, 2008
(With Comparative Totals for December 31, 2007)

	Hospital Service District	Foundation	2008	Totals	2007
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	\$ 1,972,637	\$ 1,194	\$ 1,973,831	\$ 2,409,744	
Accrued compensation and retirement	3,729,346	-	3,729,346	3,007,478	
Accrued health insurance benefits	530,319	-	530,319	530,319	
Accrued interest payable	689,105	-	689,105	154,266	
Other accrued expenses	139,417	-	139,417	341,063	
Due to Medicare and Medicaid -					
cost report settlement	179,771	-	179,771	296,846	
Current portion of revenue bonds	668,000	-	668,000	668,000	
Current portion of general obligation bonds	1,635,000	-	1,635,000	885,000	
Current installments on capital					
lease obligations	148,234	-	148,234	341,368	
Total Current Liabilities	9,691,829	1,194	9,693,023	8,634,084	
Long-Term Debt					
Revenue bonds payable	2,318,000	-	2,318,000	2,986,000	
General obligation bonds payable	21,755,000	-	21,755,000	8,390,000	
Capital lease obligations	-	-	-	266,973	
Total Long-Term Debt	24,073,000	-	24,073,000	11,642,973	
Total Liabilities	33,764,829	1,194	33,766,023	20,277,057	
Net Assets					
Invested in capital assets, net of related debt	5,949,563	-	5,949,563	12,657,163	
Unrestricted	30,637,498	313,823	30,951,321	23,283,324	
Total Net Assets	36,587,061	313,823	36,900,884	35,940,487	
TOTAL LIABILITIES AND NET ASSETS	\$70,351,890	\$ 315,017	\$70,666,907	\$56,217,544	

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Revenues and Expenses
For The Year Ended December 31, 2008
(With Comparative Totals for December 31, 2007)

	Hospital Service District	Foundation	Totals	
			2008	2007
NET PATIENT SERVICE REVENUE	\$ 59,938,915	\$ -	\$ 59,938,915	\$ 56,519,882
OTHER REVENUE (EXPENSES)				
Cafeteria and vending machines	247,151	-	247,151	129,688
Record room and miscellaneous	39,600	-	39,600	35,658
Gift shop revenue, net of cost of sales	-	27,127	27,127	28,707
Donations	31,537	144,558	176,095	80,151
Other revenues	2,965	62,518	65,483	127,612
Total Other Revenue (Expenses)	321,253	234,203	555,456	401,816
TOTAL REVENUE	60,260,168	234,203	60,494,371	56,921,698
OPERATING EXPENSES				
Nursing expenses	12,044,613	-	12,044,613	12,536,240
Other professional service expenses	20,932,209	-	20,932,209	18,114,505
General service expenses	4,116,806	-	4,116,806	3,831,952
Fiscal and administrative services expenses	13,720,845	131,244	13,852,089	11,201,762
Depreciation and amortization expenses	2,369,672	6,486	2,376,158	2,355,291
Provision for bad accounts (net of recoveries)	9,738,336	-	9,738,336	9,916,299
Interest expense on bonds	709,497	-	709,497	560,790
Interest expense on leases	1,214	-	1,214	56,126
Total Operating Expenses	63,633,192	137,730	63,770,922	58,572,965
INCOME (LOSS) FROM OPERATIONS	(3,373,024)	96,473	(3,276,551)	(1,651,267)
NON-OPERATING REVENUE AND (EXPENSES)				
Ad valorem taxes	3,045,079	-	3,045,079	1,436,496
Rent income	446,475	-	446,475	426,806
Investment income	684,165	-	684,165	836,818
Gain (loss) on disposal of assets	(21,519)	-	(21,519)	78,277
Interest income	-	4,210	4,210	5,008
Miscellaneous	78,538	-	78,538	507,964
Total Non-Operating Revenue and (Expenses)	4,232,738	4,210	4,236,948	3,291,369
EXCESS OF REVENUE OVER EXPENSES	\$ 859,714	\$ 100,683	\$ 960,397	\$ 1,640,102

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Changes in Net Assets
For The Year Ended December 31, 2008
(With Comparative Totals for December 31, 2007)

	Hospital Service District	Foundation	Totals	
			2008	2007
NET ASSETS - January 1	\$ 35,727,347	\$ 213,140	<u>\$ 35,940,487</u>	<u>\$ 34,300,385</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>859,714</u>	<u>100,683</u>	<u>960,397</u>	<u>1,640,102</u>
NET ASSETS - December 31	<u>\$ 36,587,061</u>	<u>\$ 313,823</u>	<u>\$ 36,900,884</u>	<u>\$ 35,940,487</u>

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Cash Flows
For The Year Ended December 31, 2008
(With Comparative Totals for December 31, 2007)

	Hospital Service District	Foundation	2008	Totals
Cash Flows From Operating Activities:				
Receipts from patients and users	\$49,438,533	\$ 256,767	\$49,695,300	\$47,297,345
Payments to suppliers	(29,154,441)	(176,410)	(29,330,851)	(24,055,586)
Payments to employees	(22,730,227)	-	(22,730,227)	(20,807,317)
Interest paid	(515,810)	-	(515,810)	(769,854)
Net Cash Provided (Used) by Operating Activities	<u>(2,961,945)</u>	<u>80,357</u>	<u>(2,881,588)</u>	<u>1,664,588</u>
Cash Flows From Capital and Related Financing Activities:				
Payment for capital expenditures	(8,450,835)	-	(8,450,835)	(3,950,590)
Proceeds from sale of capital assets	5,000	-	5,000	279,535
Proceeds from issuance of bonds	15,000,000	-	15,000,000	-
Payment of bond costs	(61,324)	-	(61,324)	-
Principal payment on bonds and notes	(1,553,000)	-	(1,553,000)	(1,393,000)
Principal payments under capital lease obligations	(460,105)	-	(460,105)	(360,368)
Other	-	-	-	(5,949)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>4,479,736</u>	<u>-</u>	<u>4,479,736</u>	<u>(5,430,372)</u>
Cash Flows From Investing Activities:				
(Purchase) sale of assets whose use is limited, net	(5,563,858)	-	(5,563,858)	1,249,642
Investment income	684,165	4,210	688,375	958,426
(Purchase) sale of joint venture stock	(2,026)	-	(2,026)	(25,000)
Cash received for ad valorem taxes	3,045,079	-	3,045,079	1,436,496
Rent income	446,475	-	446,475	426,806
Purchase of certificate of deposit	-	(1,310)	(1,310)	(1,342)
Miscellaneous	78,538	-	78,538	507,964
Net Cash Provided (Used) by Investing Activities	<u>(1,311,627)</u>	<u>2,900</u>	<u>(1,308,727)</u>	<u>4,552,992</u>
Net Increase (Decrease) in Cash	206,164	83,257	289,421	787,208
Cash and Cash Equivalents - Beginning of Year	1,754,734	171,848	1,926,582	1,139,374
Cash and Cash Equivalents - End of Year	<u>\$ 1,960,898</u>	<u>\$ 255,105</u>	<u>\$ 2,216,003</u>	<u>\$ 1,926,582</u>

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

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Combined Statements of Cash Flows (Continued)
For The Year Ended December 31, 2008
(With Comparative Totals for December 31, 2007)

	Hospital Service District	Foundation	Totals	
			2008	2007
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (3,373,024)	\$ 96,473	\$ (3,276,551)	\$ (1,651,267)
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation and amortization	2,369,672	6,486	2,376,158	2,355,291
Provisions for losses on accounts receivable, net	(938,698)	-	(938,698)	(124,585)
(Increase) decrease in receivables	(1,083,299)	-	(1,083,299)	534,888
(Increase) decrease in inventory	(102,977)	(747)	(103,724)	186,049
(Increase) decrease in prepaid expenses	(46,894)	-	(46,894)	(73,374)
(Increase) decrease in other current assets	-	-	-	(3,492)
Increase (decrease) in accounts payable and other accrued expenses	213,275	(21,855)	191,420	441,078
Total Adjustments	<u>411,079</u>	<u>(16,116)</u>	<u>394,963</u>	<u>3,315,855</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (2,961,945)</u></u>	<u><u>\$ 80,357</u></u>	<u><u>\$ (2,881,588)</u></u>	<u><u>\$ 1,664,588</u></u>

Supplemental Disclosures of Cash Flow Information:

Cash paid for interest (net of amount capitalized)	<u><u>\$ 175,872</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 175,872</u></u>	<u><u>\$ 769,854</u></u>
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Cash and Cash Equivalents:

Unrestricted Assets whose use is limited	<u><u>\$ 599,929</u></u>	<u><u>\$ 255,105</u></u>	<u><u>\$ 855,034</u></u>	<u><u>\$ 943,343</u></u>
	<u><u>1,360,969</u></u>	<u><u>-</u></u>	<u><u>1,360,969</u></u>	<u><u>983,239</u></u>
	<u><u><u>\$ 1,960,898</u></u></u>	<u><u><u>\$ 255,105</u></u></u>	<u><u><u>\$ 2,216,003</u></u></u>	<u><u><u>\$ 1,926,582</u></u></u>

WEST CALCASIEU-CAMERON HOSPITAL

Sulphur, Louisiana

Notes to Financial Statements

December 31, 2008 and 2007

Note 1 -

Organization and Summary of Significant Accounting Policies

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.

The West Calcasieu-Cameron Hospital Service Corporation (Foundation) is a non-profit corporation operating under 501 (c) (3) of the Internal Revenue Code. The Foundation files and grants applications, operates the gift shop, and conducts general fundraising efforts to be dedicated for the benefit of the Hospital. The District is the sole member of the Foundation.

GASB No. 20 requires that governments' proprietary activities apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The Hospital has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

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. Also, the West Calcasieu-Cameron Hospital Service Corporation (Foundation) is considered a component unit of the District. Component units are entities for which the Hospital is considered financially accountable.

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.

WEST CALCASIEU-CAMERON HOSPITAL

Sulphur, Louisiana

Notes to Financial Statements (Continued)

December 31, 2008 and 2007

Note 1 -

Organization and Summary of Significant Accounting Policies (Continued)

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.

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 5.

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.

WEST CALCASIEU-CAMERON HOSPITAL

Sulphur, Louisiana

Notes to Financial Statements (Continued)

December 31, 2008 and 2007

Note 1 -

Organization and Summary of Significant Accounting Policies (Continued)

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

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

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

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Hospital for the years ended December 31, 2008 and 2007 was \$1,050,649 and \$616,916, respectively. Of this amount, \$339,938 and \$-0- was included as part of the cost of capital assets under construction for the years ended December 31, 2008 and 2007.

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.

Amortization of Debt Issuance Costs - Debt issuance costs are deferred and amortized using the straight-line method over the term of the related debt.

Advertising Expense - The Hospital expenses the cost of advertising as the expense is incurred. For the years ended December 31, 2008 and 2007, the cost totaled \$42,729 and \$278,650, respectively.

WEST CALCASIEU-CAMERON HOSPITAL

Sulphur, Louisiana

Notes to Financial Statements (Continued)
December 31, 2008 and 2007

Note 2 - Assets Whose Use is Limited

Assets whose use is limited include investments (reported at fair value) set aside by the Board for capital improvements, self-insurance, required liquidity for operations and other liabilities. Also included are assets held by trustees under bond indenture agreements.

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

	2008	2007
	Fair Value	Fair Value
Cash	\$ 1,360,969	\$ 983,239
Certificates of Deposit	463,889	1,543,342
Mutual Funds	13,794,712	3,973,084
U.S. Treasury Obligations	-0-	751,875
Government Mortgage	<u>6,105,131</u>	<u>8,472,285</u>
Total Assets Whose Use Is Limited	<u>\$ 21,724,701</u>	<u>\$ 15,723,825</u>

Note 3 - Hospital Bonds Payable

Long-term debt at December 31, 2008 consists of the following:

General obligation bonds:

\$10,000,000 Calcasieu-Cameron Hospital Service
District General Obligation Bonds, Series 2006, due
in annual principal and semi-annual interest installments,
annual total debt service payments of \$1,264,219 to
\$1,215,288 through March 1, 2016, interest of 4.05% to 4.25%,
secured by unlimited ad valorem taxation \$ 8,390,000

\$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 \$ 15,000,000

Revenue bonds:

\$5,000,000 Calcasieu-Cameron Hospital Service
District Hospital Revenue Refunding Bonds, 1998
Series A, due in semi-annual installments of
\$289,000 to \$164,906 through May 1, 2013;
interest at 4.2%, secured by mortgage on Hospital
plant and equipment 1,493,000

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2008 and 2007

Note 3 - Hospital Bonds Payable (Continued)

\$5,000,000 Calcasieu-Cameron Hospital Service District Hospital Revenue Bonds, 1998 Series B, due in semi-annual installments of \$289,000 to \$164,906 through May 1, 2013; interest at 4.2%, secured by mortgage on Hospital plant and equipment	1,493,000
	<u>\$26,376,000</u>

The annual installments to amortize all debt outstanding as of December 31, 2008 are as follows:

General Obligation Bonds

	Principal	Interest	Total
2009	\$ 1,635,000	\$ 1,277,666	\$ 2,912,666
2010	2,030,000	883,538	2,913,538
2011	2,115,000	799,420	2,914,420
2012	2,210,000	711,409	2,921,409
2013	2,305,000	619,275	2,924,275
2014-2018	<u>13,095,000</u>	<u>1,468,980</u>	<u>14,563,980</u>
	<u>\$ 23,390,000</u>	<u>\$ 5,760,288</u>	<u>\$ 29,150,288</u>

Revenue Bonds

	Principal	Interest	Total
2009	668,000	118,398	786,398
2010	668,000	90,342	758,342
2011	668,000	62,286	730,286
2012	668,000	34,230	702,230
2013	<u>314,000</u>	<u>6,594</u>	<u>320,594</u>
	<u>\$ 2,986,000</u>	<u>\$ 311,850</u>	<u>\$ 3,297,850</u>

The following is a summary of bonds payable transactions of the Hospital for the year ended December 31, 2008:

	Revenue	General Obligation
Outstanding at January 1, 2008	\$ 3,654,000	\$ 9,275,000
Bonds Issued	-0-	15,000,000
Bonds Retired	(668,000)	(885,000)
Outstanding at December 31, 2008	<u>\$ 2,986,000</u>	<u>\$23,390,000</u>

Note 4 - Compliance with Bond Resolution

The revenue bond agreement with Capital One contains various requirements relating to reserves, financial ratios, operating results, etc. The Hospital did not meet all requirements for the year ending December 31, 2008, but did receive waivers from the bank. The Hospital did meet all requirements for the year ending December 31, 2007.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2008 and 2007

Note 5 - **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 \$100,000.

Note 6 - **Compensation of the Board of Directors**

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

	<u>2008</u>	<u>2007</u>
Frank LaBarbera	\$ 900	\$1,100
Robert Davidson	1,000	1,300
Rapheal Fontenot	1,000	1,200
Bobby Letard	1,000	1,200
Joe Devall	800	800
Total	<u>\$ 4,700</u>	<u>\$ 5,600</u>

Note 7 - **Accrued Compensation**

Accrued payroll for the years ended December 31, 2008 and 2007, paid in the subsequent year, totaled \$260,741 and \$803,432, respectively. Accrued compensated absences totaled \$1,090,479 and \$1,243,274 for the years ended December 31, 2008 and 2007, respectively, and has been accrued at the employees' present salary levels for vacation time earned.

Note 8 - **Leases**

The Hospital has entered into several lease agreements as lessee for financing the acquisition of medical equipment and buildings. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets. The assets are depreciated over the lesser of their lease terms or their estimated productive lives. The capitalized costs on such leases were \$1,090,634 and \$1,766,482 at December 31, 2008 and 2007, respectively.

The accumulated depreciation on such equipment under capital lease obligation was \$401,070 at December 31, 2008 and \$743,478 at December 31, 2007. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 2008:

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2008 and 2007

Note 8 - Leases (Continued)

<u>Year Ending December 31,</u>	
2009	\$ 150,909
Total Minimum Lease Payments	150,909
Less: Amount Representing Interest	<u>2,675</u>
Present Value of Future Minimum Lease Payments	<u>\$ 148,234</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 effective until September 30, 2005. Renewal of this lease is pending. Terms of the original lease are in effect until the new lease is signed. The cost of the property under this lease is \$106,900 and \$105,927 for the years ending December 31, 2008 and 2007, respectively. The accumulated depreciation is \$97,385 for the year ended December 31, 2008 and \$93,796 for the year ending December 31, 2007. Future minimum lease receivables at December 31, 2008 and 2007 are \$-0-.

Note 9 - 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. Management is unable to estimate the ultimate cost, if any, of the resolution of the asserted claims and, accordingly, no accrual has been made for them.

Incidents occurring through December 31, 2008 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.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2008 and 2007

Note 10 - Capital Assets

The Hospital's capital asset activity for the year ended December 31, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,016,825	\$ 139,000	\$ -0-	\$ 2,155,825
Construction in progress	<u>2,151,125</u>	<u>6,637,768</u>	<u>(285,225)</u>	<u>8,503,668</u>
Total capital assets, not being depreciated	<u>4,167,950</u>	<u>6,776,768</u>	<u>(285,225)</u>	<u>10,659,493</u>
Capital assets, being depreciated:				
Buildings	24,644,445	536,000	(18,413)	25,162,032
Building improvements	6,219,723	662,997	(3,835)	6,878,885
Land improvements	729,492	-0-	-0-	729,492
Equipment	<u>27,760,461</u>	<u>967,151</u>	<u>(1,544,927)</u>	<u>27,182,685</u>
Total capital assets, being depreciated	<u>59,354,121</u>	<u>2,166,148</u>	<u>(1,567,175)</u>	<u>59,953,094</u>
Less accumulated depreciated	<u>(37,312,856)</u>	<u>(2,357,474)</u>	<u>1,540,657</u>	<u>(38,129,673)</u>
Total capital assets, being depreciated, net	<u>22,041,265</u>	<u>(191,326)</u>	<u>(26,518)</u>	<u>21,823,421</u>
Total capital assets, net	<u>\$ 26,209,215</u>	<u>\$ 6,585,442</u>	<u>\$ (311,743)</u>	<u>\$ 32,482,914</u>

Note 11- Retirement Commitments

Full-time employees of the Hospital are members of the Parochial Employees' Retirement System of Louisiana, a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Eligible employees of the Hospital are members of Plan A.

Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service.

WEST CALCASIEU-CAMERON HOSPITAL

Sulphur, Louisiana

Notes to Financial Statements (Continued)

December 31, 2008 and 2007

Note 11-

Retirement Commitments (Continued)

However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include 1/4 of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Data concerning the actuarial status of the System are not available for 2008.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 2007, comprehensive annual financial report. The district does not guarantee the benefits granted by the System.

Contributions to the system are made by both employees and the Hospital as a percentage of salaries. The payroll for the Hospital employees covered by the system for the year ended December 31, 2008 was approximately \$20,207,475; the Hospital's total payroll was \$23,099,084. Covered employees are required to contribute 9.5% of their earnings.

The Hospital's contributions to the system for the years ended December 31, 2008, 2007, and 2006 were \$2,654,329, \$2,487,750 and \$2,184,465, respectively. The contribution rate for 2008, 2007 and 2006 was 12.75%, 13.25% and 12.75%, respectively.

Note 12-

Cash, Cash Equivalents, Certificates of Deposit and Other Investments

Under Louisiana Revised Statutes 39:2955, the Hospital may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having 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.

WEST CALCASIEU-CAMERON HOSPITAL

Sulphur, Louisiana

Notes to Financial Statements (Continued)

December 31, 2008 and 2007

Note 12-

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

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, 2008, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$2,424,787. Of that balance, \$1,824,858 is included in Assets Whose Use is Limited (Note 2).

At December 31, 2007, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$3,298,076. Of that balance, \$2,526,581 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 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 Hospital's deposits may not be returned. At December 31, 2008, the Hospital has \$3,582,040 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$5,340,013 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Hospital that the fiscal agent has failed to pay deposited funds upon demand.

Interest Rate Risk is the risk that changes in the interest rate will adversely affect the fair value of the investment. At December 31, 2008 and 2007, the Hospital had investments in various debt instruments totaling \$6,106,861 and \$9,224,160, respectively. These investments have maturity dates of less than 1 year.

At December 31, 2008 and 2007, the Foundation had \$287,756 and 203,189, respectively, in cash, cash equivalents and certificates of deposit (book balances). The Foundation's collective bank balances at December 31, 2008 and 2007 were \$243,121 and \$203,501, respectively. The Foundation's cash balances exceeded federally insured limits at one institution by \$0- and \$29,315 at December 31, 2008 and 2007, respectively.

WEST CALCASIEU-CAMERON HOSPITAL

Sulphur, Louisiana

Notes to Financial Statements (Continued)

December 31, 2008 and 2007

Note 13-

Prior Year Balances

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

Note 14-

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>2008</u>	<u>2007</u>
Medicare	17 %	11 %
Medicaid	3	2
Other	80	87
	<u>100 %</u>	<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2008</u>	<u>2007</u>
Medicare	27 %	31 %
Medicaid	6	2
Other	67	67
	<u>100 %</u>	<u>100 %</u>

Note 15-

Postemployment Healthcare Plan

Plan Description: The Hospital's provides medical benefits to eligible retired Hospital employees and their beneficiaries. The plan is administered by Benefit Management Services.

Funding Policy : The contribution requirements of plan members and the Hospital are established by the board. Hospital eligible retirees receiving benefits contribute \$245 per month for retiree only coverage, \$450 for retiree and spouse coverage, and \$648 for retiree and family coverage. Eligible retirees who participate in Medicare contribute \$172 for retiree only coverage and \$276 for retiree and spouse coverage.

The Hospital is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost: For 2008, the Hospital's annual OPEB cost (expense) of \$1,276,364 was equal to the ARC.

WEST CALCASIEU-CAMERON HOSPITAL

Sulphur, Louisiana

Notes to Financial Statements (Continued)

December 31, 2008 and 2007

Note 15- Postemployment Healthcare Plan (Continued)

Funding Status and Funding Progress: The plan has not been funded.

Actuarial Methods and Assumptions:

Mortality	GAR 1994
Turnover	6.67% Per Annum to Full Attribution
Retirement Age	60, or current age if older
Full Attribution Period Age	Age when full eligibility first reached
Annual Discount Rate	4.00%
Medical Trend	7% in 2008, reducing 1% per annum, leveling at 5% per annum
Medical Cost Aging Factor	3.6% per year of age

Attribution Period: The attribution period begins with the date of hire and ends with full benefits eligibility date.

Per Capita Cost Methods: The valuation reflects per capita net premium costs based after considering required retiree contributions and the current premium rates using a modified aging scale. The 2008 per capita employer and employee costs vary based on plan. An employer subsidy was derived by taking the difference between the age specific cost and the member contribution. The age specific cost was based on an average per person cost of (\$314.44) at the average age of the group (45) and scaled to each age based on the medical cost aging factor. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments.

Actuarial Valuation Method: The Projected Unit Credit Funding Method was used.

Note 16- Charity Care

The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated approximately \$371,083 and \$902,518 in 2008 and 2007, respectively.

Note 17- 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.

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2008 and 2007

Note 17- *Ad Valorem Taxes (Continued)*

For the years ended December 31, 2008 and 2007, taxes of 4.45 and 2.29 mills were levied on property with net assessed valuations totaling \$678,413,754 and \$628,659,580 for Calcasieu Parish and \$24,549,289 and \$21,759,656 for Cameron Parish, respectively. Total taxes levied were \$3,027,152 and \$1,442,641 for the years ended December 31, 2008 and 2007. Taxes receivable at December 31, 2008 and 2007 were \$2,879,422 and 1,380,056, all of which were considered collectible. The 4.45 and 2.29 mills were dedicated for the sinking fund.

Note 18- *Construction in Progress*

The Hospital has various construction projects in progress at December 31, 2008. The following is a schedule of the most significant projects.

	<u>Estimated Total Costs</u>	<u>Costs Incurred To Date</u>	<u>Estimated Completion Date</u>
Master Facility Project Phase I	\$19,054,548	\$5,126,545	April 2010
Nurse Call System	\$545,844	\$492,879	April 2009
Patient Room Renovations	\$1,434,173	\$652,488	September 2009
McKesson Project	\$3,839,223	\$1,953,857	May 2009
API Project	\$584,775	\$136,051	October 2009

Note 19 - *Allowance for Doubtful Accounts*

Accounts receivable are stated at cost less an allowance for doubtful accounts. The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past user history, any adverse situation that might affect the user's ability to repay, and current economic conditions. Amounts charged-off that are subsequently recovered are recorded as income.

Note 20 - *Investment – LLC*

The Hospital owns 80.49% of Sulphur Radiology Equipment, LLC. The LLC was formed to provide healthcare services, including quality imaging services to the residents of the community. Total assets of the LLC were \$794,320 and \$882,440, total liabilities were \$503,640 and \$670,445, and the net result of operations was income of \$78,684 and a loss of \$42,974 as of and for the years ending December 31, 2008 and 2007, respectively. The investment is accounted for using the equity method.

SUPPLEMENTARY INFORMATION



BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

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Founded in 1978

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

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

Our report on our audits of the basic financial statements of West Calcasieu-Cameron Hospital as of December 31, 2008 and 2007, and for the years then ended appears on pages 1-2. The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 28-39 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Broussard & Company

Lake Charles, Louisiana
June 15, 2009

**WEST CALCASIEU-CAMERON HOSPITAL
HOSPITAL SERVICE DISTRICT**

Sulphur, Louisiana

Balance Sheets

As of December 31,

ASSETS	2008	2007
Current Assets		
Cash and cash equivalents	\$ 599,929	\$ 771,495
Assets whose use is limited-cash equivalents:		
Required for current debt service	438,363	150,496
By board for capital improvements	922,606	832,743
Assets whose use is limited:		
By board for capital improvements	13,525,878	8,815,458
By board required for operations	2,792,598	5,187,706
Accounts receivable from patients	12,005,283	12,384,871
Less allowance for uncollectible accounts	(2,253,491)	(3,192,189)
Interest receivable	3,436	29,878
Other receivables	3,628,311	2,138,982
Inventories	1,362,435	1,259,458
Prepaid expenses	382,242	335,348
Other current assets	20,482	20,482
Total Current Assets	<u>33,428,072</u>	<u>28,734,728</u>
Assets Whose Use Is Limited		
By board for capital improvements	3,012,615	764,775
By board required for operations	1,008,270	7,564
Unrealized gain (loss) on investments	24,371	(34,917)
Total Noncurrent Assets Whose Use is Limited	<u>4,045,256</u>	<u>737,422</u>
Property, Plant and Equipment		
Construction-in-progress	8,503,668	2,151,125
Buildings and improvements	32,034,167	30,857,418
Equipment	27,155,164	27,732,940
Land and improvements	2,885,317	2,746,317
Less allowance for depreciation	(38,104,519)	(37,293,296)
Net Property, Plant and Equipment	<u>32,473,797</u>	<u>26,194,504</u>
Other Assets		
Investment in joint venture	265,918	220,278
Cost of bonds issued	138,847	95,315
Total Other Assets	<u>404,765</u>	<u>315,593</u>
TOTAL ASSETS	<u>\$ 70,351,890</u>	<u>\$ 55,982,247</u>

**WEST CALCASIEU-CAMERON HOSPITAL
HOSPITAL SERVICE DISTRICT
Sulphur, Louisiana
Balance Sheets (Continued)
As of December 31,**

	2008	2007
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,972,637	\$ 2,387,587
Accrued compensation and retirement	3,729,346	3,007,478
Accrued health insurance benefits	530,319	530,319
Accrued interest payable	689,105	154,266
Other accrued expenses	139,417	341,063
Due to Medicare and Medicaid - cost report settlement	179,771	296,846
Current portion of revenue bonds	668,000	668,000
Current portion of general obligation bonds	1,635,000	885,000
Current installments on capital lease obligations	148,234	341,368
Total Current Liabilities	<u>9,691,829</u>	<u>8,611,927</u>
Long-Term Debt		
Revenue bonds payable	2,318,000	2,986,000
General obligation bonds payable	21,755,000	8,390,000
Capital lease obligations	-	266,973
Total Long-Term Debt	<u>24,073,000</u>	<u>11,642,973</u>
Total Liabilities	<u>33,764,829</u>	<u>20,254,900</u>
Net Assets		
Invested in capital assets, net of related debt	5,949,563	12,657,163
Unrestricted	30,637,498	23,070,184
Total Net Assets	<u>36,587,061</u>	<u>35,727,347</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 70,351,890</u>	<u>\$ 55,982,247</u>

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

	2008	2007
NET PATIENT SERVICE REVENUE	\$ 59,938,915	\$ 56,519,882
OTHER REVENUE (EXPENSES)		
Cafeteria and vending machines	247,151	129,688
Record room and miscellaneous	39,600	35,658
Donations	31,537	4,994
Other revenues	2,965	19,996
Total Other Revenue (Expenses)	321,253	190,336
TOTAL REVENUE	60,260,168	56,710,218
OPERATING EXPENSES		
Nursing expenses	12,044,613	12,536,240
Other professional service expenses	20,932,209	18,114,505
General service expenses	4,116,806	3,831,952
Fiscal and administrative services expenses	13,720,845	11,079,522
Depreciation and amortization expenses	2,369,672	2,350,091
Provision for bad accounts (net of recoveries)	9,738,336	9,916,299
Interest expense on bonds	709,497	560,790
Interest expense on leases	1,214	56,126
Total Operating Expenses	63,633,192	58,445,525
INCOME (LOSS) FROM OPERATIONS	(3,373,024)	(1,735,307)
NON-OPERATING REVENUE AND (EXPENSES)		
Ad valorem taxes	3,045,079	1,436,496
Rent income	446,475	426,806
Investment income	684,165	836,818
Gain (loss) on disposal of assets	(21,519)	78,277
Miscellaneous	78,538	507,964
Total Non-Operating Revenue and (Expenses)	4,232,738	3,286,361
EXCESS OF REVENUE OVER EXPENSES	\$ 859,714	\$ 1,551,054

**WEST CALCASIEU-CAMERON HOSPITAL
HOSPITAL SERVICE DISTRICT**

Sulphur, Louisiana

Statements of Changes in Net Assets

For The Years Ended December 31,

	<u>2008</u>	<u>2007</u>
NET ASSETS - January 1	<u>\$ 35,727,347</u>	<u>\$ 34,176,293</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>859,714</u>	<u>1,551,054</u>
NET ASSETS - December 31	<u><u>\$ 36,587,061</u></u>	<u><u>\$ 35,727,347</u></u>

**WEST CALCASIEU-CAMERON HOSPITAL
WEST CALCASIEU-CAMERON HOSPITAL SERVICE CORPORATION (FOUNDATION)
Sulphur, Louisiana
Balance Sheets
As of December 31,**

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 255,105	\$ 171,848
Inventories	18,144	17,397
Certificate of deposit	32,651	31,341
Total Current Assets	<u>305,900</u>	<u>220,586</u>
Property, Plant and Equipment		
Buildings	6,750	6,750
Equipment	27,521	27,521
Less allowance for depreciation	(25,154)	(19,560)
Net Property, Plant and Equipment)	<u>9,117</u>	<u>14,711</u>
TOTAL ASSETS	<u><u>\$ 315,017</u></u>	<u><u>\$ 235,297</u></u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 1,194	\$ 22,157
Total Current Liabilities	<u>1,194</u>	<u>22,157</u>
Total Liabilities	<u>1,194</u>	<u>22,157</u>
Net Assets		
Unrestricted net assets	<u>313,823</u>	<u>213,140</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 315,017</u></u>	<u><u>\$ 235,297</u></u>

WEST CALCASIEU-CAMERON HOSPITAL
WEST CALCASIEU-CAMERON HOSPITAL SERVICE CORPORATION (FOUNDATION)
Sulphur, Louisiana
Statements of Activities
For The Years Ended December 31,

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Gift shop revenue	\$ 49,691	\$ 50,027
Donations	144,558	75,157
Other revenues	62,518	107,616
Total Revenues	<u>256,767</u>	<u>232,800</u>
COST OF SALES		
Gift Shop	22,564	21,320
Gross Profit	<u>234,203</u>	<u>211,480</u>
OPERATING EXPENSES		
Contributions	60,243	29,601
Fund raising	33,967	45,820
Miscellaneous	29,946	40,972
Professional fees	3,200	2,100
Taxes	3,888	3,747
Depreciation expense	6,486	5,200
Total Operating Expenses	<u>137,730</u>	<u>127,440</u>
NON-OPERATING REVENUE		
Interest Income	<u>4,210</u>	<u>5,008</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 100,683</u>	<u>\$ 89,048</u>

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

	<u>2008</u>	<u>2007</u>
NURSING REVENUES		
Revenue from daily patient services		
Medical and surgical	\$ 6,979,171	\$ 6,526,685
Intensive care	3,167,036	2,908,307
Nursery	166,165	168,234
Total Revenue from Daily Patient Services	<u>10,312,372</u>	<u>9,603,226</u>
Operating room	16,082,703	17,226,337
Delivery room	1,627,103	1,609,981
Recover room	3,320,747	3,588,762
Central supply	441,750	135,260
Emergency room	7,766,269	7,358,708
TOTAL NURSING REVENUES	<u>\$ 39,550,944</u>	<u>\$ 39,522,274</u>

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

	<u>2008</u>	<u>2007</u>
OTHER PROFESSIONAL SERVICE REVENUES		
Anesthesiology	\$ 2,322,656	\$ 2,482,741
Radiology	23,268,654	21,929,680
Laboratory	18,466,110	16,229,718
Cardiology, EKG and EEG	7,828,929	8,787,683
Physical therapy	1,468,882	1,420,541
Orthopedic	157,526	187,005
Nuclear Medicine	1,843,127	1,937,075
Pharmacy	24,756,666	20,677,141
Respiratory therapy	7,971,987	7,099,772
Dietary - long term care	183,293	190,807
Ambulance service	5,168,265	3,464,048
Emergency room physicians professional fees	2,680,268	2,474,069
Occupational therapy	601,523	532,734
Home health care	1,728,334	1,643,415
Day care	-	163,323
Therapeutic riding	243,732	261,881
Wellness center	1,252,766	1,181,483
Off site clinics	989,351	596,803
Outpatient testing	756,171	505,892
Wound healing	366,000	-
Nurse family partnership	38,812	-
Mobile prenatal unit	12,404	-
Hematology and oncology	25,468	-
TOTAL OTHER PROFESSIONAL SERVICE REVENUES	<u>\$ 102,130,924</u>	<u>\$ 91,765,811</u>

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

	<u>2008</u>	<u>2007</u>
NURSING EXPENSES		
Nursing services - salaries	\$ 3,276,765	\$ 2,938,363
Nursing services - administrative salaries	708,356	859,576
Nursing services - expenses	345,468	348,206
Central supply - salaries	130,237	128,416
Central supply - expense	346,284	269,285
Operating room - salaries	1,273,260	1,222,386
Operating room - expenses	2,131,011	3,143,936
Delivery room - salaries	342,363	391,118
Delivery room - expenses	116,419	101,024
Nursery - salaries	49,932	37,678
Nursery - expenses	15,409	15,024
Recovery room - salaries	202,650	192,426
Recovery room - expenses	12,059	14,636
Intensive care - salaries	1,162,009	971,001
Intensive care - expenses	137,829	115,880
Emergency room - salaries	1,471,980	1,236,253
Emergency room - expenses	240,332	210,744
Emergency room - professional fees	82,250	340,288
TOTAL NURSING EXPENSES	<u>\$ 12,044,613</u>	<u>\$ 12,536,240</u>

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

	2008	2007
OTHER PROFESSIONAL SERVICE EXPENSES		
Anesthesiology - expenses	\$ 784,555	\$ 687,059
Radiology - salaries	1,177,685	1,099,789
Radiology - expenses	1,529,585	1,375,627
Laboratory - salaries	1,134,650	972,001
Laboratory - expenses	1,888,482	1,691,230
Cardiology, EKG and EEG - salaries	440,341	428,464
Cardiology, EKG and EEG - expenses	704,870	825,642
Physical therapy - salaries	604,144	518,348
Physical therapy - expenses	27,719	41,850
Orthopedic room - expenses	34,280	33,727
Pharmacy - salaries	679,249	647,441
Pharmacy - expenses	3,582,709	2,912,672
Respiratory therapy - salaries	660,366	604,696
Respiratory therapy - expenses	164,330	142,922
Ambulance service - salaries	1,527,849	1,380,781
Ambulance service - expenses	290,038	255,319
Medical records - salaries	435,257	432,258
Medical records - expenses	267,461	197,373
Nuclear Medicine - salaries	186,440	190,147
Nuclear Medicine - expenses	176,615	196,796
Outpatient testing - salaries	108,592	95,310
Outpatient testing - expenses	14,314	12,409
Ultrasound - expenses	174	495
Home health care - salaries	885,516	814,362
Home health care - expenses	198,871	186,275
Day care - salaries	-	178,173
Day care - expenses	-	21,538
Occupational therapy - salaries	229,789	238,907
Occupational therapy - expenses	56,351	48,505
Off site clinic - salaries	768,572	550,536
Off site clinic - expenses	842,605	346,044
Wellness center - salaries	725,904	685,939
Wellness center - expenses	184,919	157,610
Therapeutic riding - salaries	128,724	115,054
Therapeutic riding - expenses	39,974	29,206
Wound healing - salaries	56,510	-
Wound healing - expenses	257,049	-
Nurse family partnership - salaries	35,821	-
Nurse family partnership - expenses	4,983	-
Mobile prenatal unit - salaries	9,772	-
Mobile prenatal unit - expenses	2,965	-
Hematology and oncology - salaries	2,860	-
Hematology and oncology - expenses	81,319	-
TOTAL OTHER PROFESSIONAL SERVICE EXPENSES	\$ 20,932,209	\$ 18,114,505

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

	<u>2008</u>	<u>2007</u>
GENERAL SERVICE EXPENSES		
Dietary - salaries	\$ 537,534	\$ 501,401
Dietary - food	371,539	339,031
Dietary - expenses	111,625	92,201
Housekeeping - salaries	477,777	423,162
Housekeeping - expenses	121,976	111,645
Laundry - salaries	109,727	103,879
Laundry - expenses	75,293	66,820
Operating and maintenance of plant - salaries	763,611	711,388
Operating and maintenance of plant - expenses	<u>1,547,724</u>	<u>1,482,425</u>
TOTAL GENERAL SERVICE EXPENSES	<u>\$ 4,116,806</u>	<u>\$ 3,831,952</u>

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

	<u>2008</u>	<u>2007</u>
FISCAL AND ADMINISTRATIVE SERVICE EXPENSES		
Administrative - salaries	\$ 2,795,069	\$ 2,281,458
Administrative - general expenses	3,653,670	3,170,550
Payroll taxes and benefits	6,459,313	4,897,426
Insurance and liability claims	<u>812,793</u>	<u>730,088</u>
TOTAL FISCAL AND ADMINISTRATIVE SERVICE EXPENSES	<u>\$ 13,720,845</u>	<u>\$ 11,079,522</u>



BROUSSARD & COMPANY

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Founded in 1978

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

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

We have audited the financial statements of West Calcasieu-Cameron Hospital as of and for the year ended December 31, 2008, and have issued our report thereon dated June 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit we considered West Calcasieu-Cameron Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects West Calcasieu-Cameron Hospital's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of West Calcasieu-Cameron Hospital's financial statements that is more than inconsequential will not be prevented or detected by West Calcasieu-Cameron Hospital's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by West Calcasieu-Cameron's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the management of West Calcasieu-Cameron Hospital and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Braussard & Company

Lake Charles, Louisiana

June 15, 2009

WEST CALCASIEU-CAMERON HOSPITAL
Sulphur, Louisiana
Schedule of Findings
December 31, 2008

A. Financial Statement Items

1. Unqualified opinion on the general-purpose financial statements.
2. Significant deficiency in internal control – Refer to B-1.
3. No instances of noncompliance noted.

B. GAGAS Findings

1. None.

C. Prior Audit Findings

1. None.