

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

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**Financial Statements**  
**December 31, 2006 and 2005**

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.

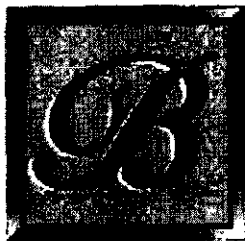
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Founded in 1978

# BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

## 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, 2006 and 2005, 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, 2006 and 2005, 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.

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2007 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.

*Prouessard ; Company*

Lake Charles, Louisiana  
June 15, 2007

**WEST CALCASIEU-CAMERON HOSPITAL  
CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2006**

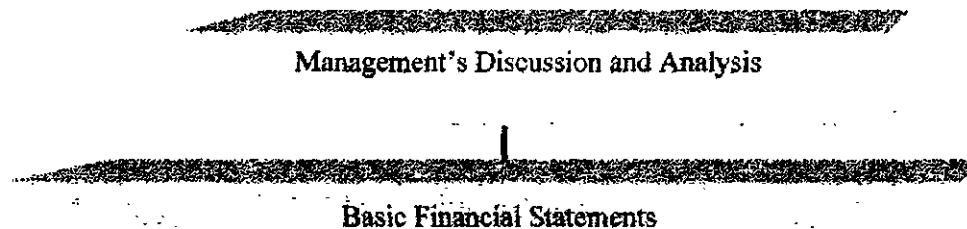
The Management's Discussion and Analysis of the West Calcasieu-Cameron Hospital (the Hospital) financial performance presents a narrative overview and analysis of the Hospital's financial activities for the year ended December 31, 2006. This document focuses on the current year's activities, resulting 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 2006 by \$34,300,385 which represents a 7.6% increase from last fiscal year. Of this amount, \$24,800,941 (unrestricted net assets) may be used to meet the Hospital's ongoing obligations to its users.
- ★ The Hospital's net patient revenue increased \$7,902,673 (or 17.4%) and the total operating expenses increased by \$5,338,878 (or 11.0%). \$3,701,078 of the increase in revenues was due to receipt of disproportionate share hospital payment adjustment. Of the increase in expenses, \$1,381,635 was due to an increase in other professional service expense, \$1,055,779 due to an increase in provision for bad accounts, and \$1,559,550 due to an increase in fiscal and administrative service 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.



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).

## 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

	2006	2005	2004
Current and other assets	\$30,876,296	\$18,882,448	\$19,930,536
Capital assets	24,801,387	24,667,002	26,408,440
Total assets	55,677,683	43,549,450	46,338,976
Other liabilities	6,087,068	5,172,581	4,908,842
Long-term debt outstanding	15,290,230	6,489,375	7,671,584
Total liabilities	21,377,298	11,661,956	12,580,426
Net assets:			
Invested capital assets, net of debt	9,499,444	18,161,698	18,719,536
Unrestricted	24,800,941	13,725,796	15,039,014
Total net assets	34,300,385	31,887,494	33,758,550
Total liabilities and net assets	\$55,677,683	\$43,549,450	\$46,338,976

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, 2006**

The net assets of the Hospital increased by \$2,412,891, or 7.6%, from December 31, 2005 to December 31, 2006.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating revenues	\$ 53,814,317	\$ 46,187,755	\$ 45,017,667
Operating expenses	53,903,408	48,564,530	51,070,013
Operating income (loss)	(89,091)	(2,376,775)	(6,052,346)
Non-operating revenues (expenses)	2,501,983	505,715	538,169
Net increase (decrease) in net assets	<u>\$ 2,412,892</u>	<u>\$ (1,871,060)</u>	<u>\$ (5,494,177)</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2006, the Hospital had \$24,801,387, 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 \$134,385 or .54%, from last year.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Buildings and Improvements	\$31,085,085	\$31,117,954	\$31,208,853
Equipment	25,225,678	23,750,126	22,977,244
Construction in Progress	998,150	115,538	1,050,023
Land and Improvements	2,758,359	2,768,359	2,773,288
Less Accumulated Depreciation	<u>(35,265,885)</u>	<u>(33,084,975)</u>	<u>(31,600,968)</u>
Totals	<u>\$24,801,387</u>	<u>\$24,667,002</u>	<u>\$26,408,440</u>

This year's significant Capital additions included above were:

- Stryker Navigation System \$ 267,608
- Nuclear Medicine Camera \$ 382,399
- A4 System Software \$ 195,025



**WEST CALCASIEU-CAMERON HOSPITAL  
 CALCASIEU-CAMERON HOSPITAL SERVICE DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF DECEMBER 31, 2006**

**Debt**

The Hospital had \$14,322,000 in bonds outstanding at year-end, compared to \$4,990,000 last year, an increase of 187 %. A summary of this debt is shown in the table below.

**Outstanding Debt at Year-end**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenue Bonds	\$ 4,322,000	\$ 4,990,000	\$ 5,658,000
General Obligation Bonds	<u>10,000,000</u>	<u>-0-</u>	<u>-0-</u>
Totals	<u>\$14,322,000</u>	<u>\$ 4,990,000</u>	<u>\$ 5,658,000</u>

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, 2006**  
**(With Comparative Totals for December 31, 2005)**

	Hospital	Foundation	Totals	
	Service District		2006	2005
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 508,030	\$ 79,930	\$ 587,960	\$ 556,129
Assets whose use is limited-cash equivalents:				
Required for current debt service	168,137	-	168,137	146,263
By board for capital improvements	383,277	-	383,277	-
Assets whose use is limited:				
By board for capital improvements	8,665,985	-	8,665,985	-
By board required for operations	5,372,559	-	5,372,559	502,066
Accounts receivable from patients	13,116,964	-	13,116,964	12,818,695
Less allowance for uncollectible accounts	(3,316,774)	-	(3,316,774)	(3,333,802)
Interest receivable	146,478	-	146,478	69,490
Other receivables	1,613,607	-	1,613,607	928,324
Inventories	1,447,591	15,313	1,462,904	1,232,602
Prepaid expenses	261,974	-	261,974	169,616
Certificate of deposit	-	30,000	30,000	-
Other current assets	16,990	-	16,990	16,990
<b>Total Current Assets</b>	<u>28,384,818</u>	<u>125,243</u>	<u>28,510,061</u>	<u>13,106,373</u>
<b>Assets Whose Use Is Limited</b>				
By board for self-insurance	-	-	-	499,872
By board required for operations	13,007	-	13,007	2,614,466
By board for capital improvements	1,973,594	-	1,973,594	2,235,613
Unrealized gain (loss) on investments	43,811	-	43,811	4,629
<b>Noncurrent Assets Whose Use is Limited</b>	<u>2,030,412</u>	<u>-</u>	<u>2,030,412</u>	<u>5,354,580</u>
<b>Property, Plant and Equipment</b>				
Construction-in-progress	998,150	-	998,150	115,538
Buildings and improvements	31,085,085	-	31,085,085	31,117,954
Equipment	25,199,604	26,074	25,225,678	23,750,126
Land and improvements	2,758,359	-	2,758,359	2,768,359
Less allowance for depreciation	(35,251,524)	(14,361)	(35,265,885)	(33,084,975)
<b>Net Property, Plant and Equipment</b>	<u>24,789,674</u>	<u>11,713</u>	<u>24,801,387</u>	<u>24,667,002</u>
<b>Other Assets</b>				
Investment in joint venture	226,722	-	226,722	375,129
Cost of bonds issued	109,101	-	109,101	46,366
<b>Total Other Assets</b>	<u>335,823</u>	<u>-</u>	<u>335,823</u>	<u>421,495</u>
<b>TOTAL ASSETS</b>	<u>\$55,540,727</u>	<u>\$ 136,956</u>	<u>\$55,677,683</u>	<u>\$43,549,450</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, 2006**  
**(With Comparative Totals for December 31, 2005)**

	Hospital	Foundation	Totals	
	Service District		2006	2005
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 1,734,608	\$ 12,864	\$ 1,747,472	\$ 1,885,731
Accrued compensation and retirement	2,864,149	-	2,864,149	2,558,597
Accrued health insurance benefits	576,362	-	576,362	533,050
Accrued interest payable	307,204	-	307,204	34,930
Other accrued expenses	199,050	-	199,050	160,273
Due to Medicare and Medicaid - cost report settlement	392,831	-	392,831	-
Current portion of revenue bonds	668,000	-	668,000	668,000
Current portion of general obligation bonds	725,000	-	725,000	-
Current installments on capital lease obligations	356,728	-	356,728	522,985
<b>Total Current Liabilities</b>	<u>7,823,932</u>	<u>12,864</u>	<u>7,836,796</u>	<u>6,363,566</u>
<b>Long-Term Debt</b>				
Revenue bonds payable	3,654,000	-	3,654,000	4,322,000
General obligation bonds payable	9,275,000	-	9,275,000	-
Capital lease obligations	611,502	-	611,502	976,390
<b>Total Long-Term Debt</b>	<u>13,540,502</u>	<u>-</u>	<u>13,540,502</u>	<u>5,298,390</u>
<b>Total Liabilities</b>	<u>21,364,434</u>	<u>12,864</u>	<u>21,377,298</u>	<u>11,661,956</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	9,499,444	-	9,499,444	18,161,698
Unrestricted	24,676,849	124,092	24,800,941	13,725,796
<b>Total Net Assets</b>	<u>34,176,293</u>	<u>124,092</u>	<u>34,300,385</u>	<u>31,887,494</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$55,540,727</u>	<u>\$ 136,956</u>	<u>\$55,677,683</u>	<u>\$43,549,450</u>

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, 2006**  
**(With Comparative Totals for December 31, 2005)**

	Hospital	Foundation	Totals	
	Service District		2006	2005
<b>NET PATIENT SERVICE REVENUE</b>	53,407,750	\$ -	\$ 53,407,750	\$ 45,505,077
<b>OTHER REVENUE (EXPENSES)</b>				
Cafeteria and vending machines	175,456	-	175,456	180,515
Record room and miscellaneous	38,527	-	38,527	31,327
Gift shop revenue, net of cost of sales	-	32,864	32,864	18,602
Donations	4,044	64,604	68,648	177,258
Other revenues	3,101	87,971	91,072	274,976
<b>Total Other Revenue (Expenses)</b>	<u>221,128</u>	<u>185,439</u>	<u>406,567</u>	<u>682,678</u>
<b>TOTAL REVENUE</b>	<u>53,628,878</u>	<u>185,439</u>	<u>53,814,317</u>	<u>46,187,755</u>
<b>OPERATING EXPENSES</b>				
Nursing expenses	11,211,693	-	11,211,693	10,237,873
Other professional service expenses	17,199,636	-	17,199,636	15,818,001
General service expenses	3,903,997	-	3,903,997	3,702,302
Fiscal and administrative services expenses	11,133,966	206,974	11,340,940	9,781,390
Depreciation and amortization expenses	2,475,948	5,036	2,480,984	2,506,577
Provision for bad accounts (net of recoveries)	7,241,052	-	7,241,052	6,185,273
Interest expense on bonds	474,840	-	474,840	225,946
Interest expense on leases	50,266	-	50,266	107,168
<b>Total Operating Expenses</b>	<u>53,691,398</u>	<u>212,010</u>	<u>53,903,408</u>	<u>48,564,530</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	(62,520)	(26,571)	(89,091)	(2,376,775)
<b>NON-OPERATING REVENUE AND (EXPENSES)</b>				
Ad valorem taxes	1,195,363	-	1,195,363	-
Rent income	447,896	-	447,896	447,062
Investment income	750,297	-	750,297	221,963
Loss on disposal of assets	11,787	-	11,787	(168,786)
Interest income	-	5,378	5,378	4,758
Miscellaneous	91,262	-	91,262	718
<b>Total Non-Operating Revenue and (Expenses)</b>	<u>2,496,605</u>	<u>5,378</u>	<u>2,501,983</u>	<u>505,715</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 2,434,085</u>	<u>\$ (21,193)</u>	<u>\$ 2,412,892</u>	<u>\$ (1,871,060)</u>

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, 2006**  
**(With Comparative Totals for December 31, 2005)**

	<u>Hospital Service District</u>	<u>Foundation</u>	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
<b>NET ASSETS - January 1</b>	\$ 31,742,208	\$ 145,285	\$ 31,887,493	\$ 33,758,552
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<u>2,434,085</u>	<u>(21,193)</u>	<u>2,412,892</u>	<u>(1,871,060)</u>
<b>NET ASSETS - December 31</b>	<u>\$ 34,176,293</u>	<u>\$ 124,092</u>	<u>\$ 34,300,385</u>	<u>\$ 31,887,492</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, 2006**  
**(With Comparative Totals for December 31, 2005)**

	Hospital		Totals	
	Service District	Foundation	2006	2005
<b>Cash Flows From Operating Activities:</b>				
Receipts from patients and users	\$45,720,117	\$ 208,032	\$45,928,149	\$37,604,830
Payments to suppliers	(24,434,235)	(224,666)	(24,658,901)	(21,272,013)
Payments to employees	(19,110,264)	-	(19,110,264)	(18,081,718)
Interest paid	(252,832)	-	(252,832)	(333,114)
Other	-	-	-	(23)
Net Cash Provided (Used) by Operating Activities	<u>1,922,786</u>	<u>(16,634)</u>	<u>1,906,152</u>	<u>(2,082,038)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Payment for capital expenditures	(2,582,360)	(820)	(2,583,180)	(498,046)
Proceeds from sale of capital assets	78,218	-	78,218	50,687
Proceeds from issuance of bonds	10,000,000	-	10,000,000	-
Payment of bond costs	(73,102)	-	(73,102)	-
Principal payment on bonds and notes	(668,000)	-	(668,000)	(668,000)
Principal payments under capital lease obligations	(531,467)	-	(531,467)	(796,834)
Other	(1,925)	-	(1,925)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>6,221,364</u>	<u>(820)</u>	<u>6,220,544</u>	<u>(1,912,193)</u>
<b>Cash Flows From Investing Activities:</b>				
(Purchase) sale of assets whose use is limited, net	(10,173,128)	-	(10,173,128)	2,723,694
Investment income	711,015	5,378	716,393	354,677
Investment in joint venture	-	-	-	(412,500)
Sale of joint venture stock	62,500	-	62,500	-
Cash received for ad valorem taxes	1,195,363	-	1,195,363	-
Rent income	447,896	-	447,896	447,062
Purchase of certificate of deposit	-	(30,000)	(30,000)	-
Miscellaneous	91,262	-	91,262	447
Net Cash Provided (Used) by Investing Activities	<u>(7,665,092)</u>	<u>(24,622)</u>	<u>(7,689,714)</u>	<u>3,113,380</u>
<b>Net Increase (Decrease) in Cash</b>	<b>479,058</b>	<b>(42,076)</b>	<b>436,982</b>	<b>(880,851)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>580,386</u>	<u>122,006</u>	<u>702,392</u>	<u>1,583,243</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 1,059,444</u>	<u>\$ 79,930</u>	<u>\$ 1,139,374</u>	<u>\$ 702,392</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, 2005**  
**(With Comparative Totals for December 31, 2004)**

	Hospital Service District	Foundation	Totals	
			2006	2005
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (62,520)	\$ (26,571)	\$ (89,091)	\$ (2,376,775)
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation and amortization	2,475,948	5,036	2,480,984	2,506,577
Provisions for losses on accounts receivable, net	(17,028)	-	(17,028)	163,313
(Increase) decrease in receivables	(1,060,540)	-	(1,060,540)	(2,491,393)
(Increase) decrease in inventory	(227,919)	(2,383)	(230,302)	21,000
(Increase) decrease in prepaid expenses	(92,358)	-	(92,358)	27,590
(Increase) decrease in other current assets	-	-	-	1,254
Increase (decrease) in accounts payable and other accrued expenses	907,203	7,284	914,487	66,396
Total Adjustments	<u>1,985,306</u>	<u>9,937</u>	<u>1,995,243</u>	<u>294,737</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,922,786</u>	<u>\$ (16,634)</u>	<u>\$ 1,906,152</u>	<u>\$ (2,082,038)</u>
<b>Supplemental Disclosures of Cash Flow Information:</b>				
Cash paid for interest (net of amount capitalized)	<u>\$ 252,832</u>	<u>\$ -</u>	<u>\$ 252,832</u>	<u>\$ 337,790</u>
<b>Noncash Financing Activities:</b>				
Assets acquired through capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,895</u>
<b>Cash and Cash Equivalents:</b>				
Unrestricted	\$ 508,030	\$ 79,930	\$ 587,960	\$ 556,129
Assets whose use is limited	<u>551,414</u>	<u>-</u>	<u>551,414</u>	<u>146,263</u>
	<u>\$ 1,059,444</u>	<u>\$ 79,930</u>	<u>\$ 1,139,374</u>	<u>\$ 702,392</u>

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

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements**  
**December 31, 2006 and 2005**

*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, 2006 and 2005**

*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, 2006 and 2005**

**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:

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

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

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

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

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

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, 2006 and 2005, the cost totaled \$266,345 and \$275,071.

**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 were as follows:

	2006 Fair Value	2005 Fair Value
Cash	\$ 551,414	\$ 146,263
Certificates of Deposit	2,011,831	2,767,369
Mutual Funds	2,162,797	-0-
U.S. Treasury Obligations	1,960,821	3,079,649
Government Mortgage	9,933,507	9,628
Total Assets Whose Use Is Limited	\$ 16,620,370	\$ 6,002,909

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2006 and 2005**

**Note 3 - Hospital Revenue Bonds Payable**

\$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 \$10,000,000

\$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 2,161,000

\$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 2,161,000

\$14,322,000

The annual installments to amortize all debt outstanding as of December 31, 2006 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,393,000	\$ 713,727	\$ 2,106,727
2008	1,553,000	514,595	2,067,595
2009	1,583,000	450,089	2,033,089
2010	1,618,000	382,048	2,000,048
2011	1,658,000	315,956	1,973,956
2012-2016	<u>6,517,000</u>	<u>643,863</u>	<u>7,160,863</u>
	<u>\$14,322,000</u>	<u>\$ 3,020,278</u>	<u>\$ 17,342,278</u>

The following is a summary of bonds payable transactions of the Hospital for the year ended December 31, 2006:

	<u>Revenue</u>	<u>General Obligation</u>
Outstanding at January 1, 2006	\$ 4,990,000	\$ -0-
Bonds Issued	-0-	10,000,000
Bonds Retired	<u>(668,000)</u>	<u>-0-</u>
Outstanding at December 31, 2006	<u>\$ 4,322,000</u>	<u>\$ 10,000,000</u>

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2006 and 2005**

**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 met all requirements for 2006. The Hospital did not meet all requirements for 2005, but did receive waivers from the bank.

**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,

	2006	2005
Frank LaBarbera	\$ 900	\$ 1,100
Robert Davidson	900	1,200
Raphael Fontenot	1,100	1,200
Bobby Letard	1,000	1,000
John Debarge	-0-	1,000
Joe Devall	700	-0-
Total	\$ 4,600	\$ 5,500

**Note 7 - Accrued Compensation**

Accrued payroll for the years ended December 31, 2006 and 2005, paid in the subsequent year, totaled \$759,034 and \$683,656, respectively. Accrued compensation totaling \$1,215,966 and \$1,099,897 for the years ended December 31, 2006 and 2005, respectively, has also been accrued at the employees' present salary levels for vacation time earned, but unpaid as of year end.

**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 \$1,766,482 for 2006 and \$3,004,767 for 2005.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2006 and 2005**

**Note 8- Leases (Continued)**

The accumulated depreciation on such equipment under capital lease obligation was \$508,569 at December 31, 2006 and \$1,049,318 at December 31, 2005. 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, 2006:

Year Ending December 31,	
2007	\$ 392,120
2008	361,665
2009	243,751
2010	<u>65,031</u>
Total Minimum Lease Payments	1,062,567
Less: Amount Representing Interest	<u>94,337</u>
Present Value of Future Minimum Lease Payments	<u>\$ 968,230</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 \$105,402 for the years ending December 31, 2006 and 2005. The accumulated depreciation is \$86,605 and \$77,779 for the years ending December 31, 2006 and 2005, respectively. Future minimum lease receivables at December 31, 2006 and 2005 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, 2006 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, 2006 and 2005**

**Note 10 - Capital Assets**

The Hospital's capital asset activity for the year ended December 31, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,026,825	\$ -0-	\$ (10,000)	\$ 2,016,825
Construction in progress	115,538	1,018,241	(135,630)	998,149
Total capital assets, not being depreciated	<u>2,142,363</u>	<u>1,018,241</u>	<u>(145,630)</u>	<u>3,014,974</u>
Capital assets, being depreciated:				
Buildings	25,001,894	-0-	(107,302)	24,894,592
Building improvements	6,116,060	100,803	(26,369)	6,190,494
Land improvements	741,534	-0-	-0-	741,534
Equipment	<u>23,750,126</u>	<u>1,708,355</u>	<u>(232,803)</u>	<u>25,225,678</u>
Total capital assets, being depreciated	55,609,614	1,809,158	(366,474)	57,052,298
Less accumulated depreciated	<u>(33,084,975)</u>	<u>(2,470,414)</u>	<u>289,504</u>	<u>(35,265,885)</u>
Total capital assets, being depreciated, net	<u>\$ 22,524,639</u>	<u>\$ (661,256)</u>	<u>\$ (76,970)</u>	<u>\$ 21,786,413</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, 2006 and 2005**

**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 2006.

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, 2005, 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, 2006 was approximately \$17,113,153; the Hospital's total payroll was \$19,415,816. Covered employees are required to contribute 9.5% of their earnings.

The Hospital's contributions to the system for the years ended December 31, 2006, 2005, and 2004 were \$2,184,465, \$2,082,279 and \$2,004,926, respectively. The contribution rate for 2006, 2005 and 2004 was 12.75%, 12.75% and 11.75%, 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 offices 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, 2006 and 2005**

**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, 2006, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$5,234,072. Of that balance, \$4,726,042 is included in Assets Whose Use is Limited (Note 2).

At December 31, 2005, the Hospital had cash, cash equivalents and certificates of deposit (book balances) totaling \$3,347,755. Of that balance, \$2,913,632 was 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, 2006, the Hospital has \$4,285,052 in deposits (collected bank balances). These deposits are secured from risk by \$300,000 of federal deposit insurance and \$13,650,566 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 in interest rate will adversely affect the fair value of the investment. At December 31, 2006 and 2005, the Hospital had investments in various debt instruments totaling \$11,894,328 and \$3,089,277, respectively. These investments have maturity dates that range from 1 to 7 years in the future.

At December 31, 2006, the Foundation had \$109,930 in cash, cash equivalents and certificates of deposit (book balances). The Foundation's collected bank balances on this date were \$124,115. The Foundation's cash balances did not exceed federally insured limits at December 31, 2006.



**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2006 and 2005**

**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>2006</u>	<u>2005</u>
Medicare	12 %	13 %
Medicaid	4	2
Other	84	85
	<u>100 %</u>	<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2006</u>	<u>2005</u>
Medicare	28 %	39 %
Medicaid	2	2
Other	70	59
	<u>100 %</u>	<u>100 %</u>

**Note 15- Post Employment Benefits**

The Hospital provides post retirement health care benefits to all employees who retire and meet the retirement criteria of the Parochial Employees' Retirement System of Louisiana. Currently, 78 retirees are participating in the system. Expenditures for post retirement health care benefits are recognized as retirees report claims incurred, and include a provision for estimated claims incurred, but not yet reported to the Hospital. Information regarding expenditures for post retirement health care for 2006 and 2005 was not maintained.

**Note 16- Charity Care**

The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated approximately \$445,356 and \$521,404 in 2006 and 2005, respectively.

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**December 31, 2006 and 2005**

**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.

For the year ended December 31, 2006, taxes of 2.29 mills were levied on property with net assessed valuations totaling \$554,738,430 for Calcasieu Parish and \$18,154,990 for Cameron Parish. Total taxes levied were \$1,311,926. Taxes receivable at December 31, 2006 were \$1,195,232, all of which were considered collectible. The 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, 2006. 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	\$58,594	September 2009
Nurse Call System	\$545,844	\$399,935	June 2007
Chiller Project	\$303,796	\$303,796	March 2007

**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 67% 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 \$1,083,524, total liabilities were \$837,250, and the net result of operations was a loss of \$128,854 as of and for the year ending December 31, 2006. The investment is accounted for using the equity method.

**SUPPLEMENTARY INFORMATION**



*Founded in 1978*

# **BROUSSARD & COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.**

## **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, 2006 and 2005, and for the years then ended appears on page 1. 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 26-37 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, 2007

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

<b>ASSETS</b>	<u>2006</u>	<u>2005</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 508,030	\$ 434,123
Assets whose use is limited-cash equivalents:		
Required for current debt service	168,137	146,263
By board for capital improvements	383,277	-
Assets whose use is limited:		
By board for capital improvements	8,665,985	-
By board required for operations	5,372,559	409,344
Accounts receivable from patients	13,116,964	12,818,695
Less allowance for uncollectible accounts	(3,316,774)	(3,333,802)
Interest receivable	146,478	69,490
Other receivables	1,613,607	928,324
Inventories	1,447,591	1,219,672
Prepaid expenses	261,974	169,616
Other current assets	16,990	16,990
Total Current Assets	<u>28,384,818</u>	<u>12,878,715</u>
<b>Assets Whose Use Is Limited</b>		
By board for self-insurance	-	499,872
By board required for operations	13,007	2,707,188
By board for capital improvements	1,973,594	2,235,613
Unrealized gain (loss) on investments	43,811	4,629
Noncurrent Assets Whose Use is Limited	<u>2,030,412</u>	<u>5,447,302</u>
<b>Property, Plant and Equipment</b>		
Construction-in-progress	998,150	115,538
Buildings and improvements	31,085,085	31,117,954
Equipment	25,199,604	23,724,872
Land and improvements	2,758,359	2,768,359
Less allowance for depreciation	(35,251,524)	(33,075,650)
Net Property, Plant and Equipment	<u>24,789,674</u>	<u>24,651,073</u>
<b>Other Assets</b>		
Investment in joint venture	226,722	375,129
Cost of bonds issued	109,101	46,366
Total Other Assets	<u>335,823</u>	<u>421,495</u>
<b>TOTAL ASSETS</b>	<u>\$ 55,540,727</u>	<u>\$ 43,398,585</u>

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

<b>LIABILITIES AND NET ASSETS</b>	<u>2006</u>	<u>2005</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 1,734,608	\$ 1,880,151
Accrued compensation and retirement	2,864,149	2,558,597
Accrued health insurance benefits	576,362	533,050
Accrued interest payable	307,204	34,930
Other accrued expenses	199,050	160,273
Due to Medicare and Medicaid - cost report settlement	392,831	-
Current portion of revenue bonds	668,000	668,000
Current portion of general obligation bonds	725,000	-
Current installments on capital lease obligations	356,728	522,985
<b>Total Current Liabilities</b>	<u>7,823,932</u>	<u>6,357,986</u>
<b>Long-Term Debt</b>		
Revenue bonds payable	3,654,000	4,322,000
General obligation bonds payable	9,275,000	-
Capital lease obligations	611,502	976,390
<b>Total Long-Term Debt</b>	<u>13,540,502</u>	<u>5,298,390</u>
<b>Total Liabilities</b>	<u>21,364,434</u>	<u>11,656,376</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	9,499,444	18,161,698
Unrestricted	24,676,849	13,580,511
<b>Total Net Assets</b>	<u>34,176,293</u>	<u>31,742,209</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 55,540,727</u>	<u>\$ 43,398,585</u>

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

	2006	2005
<b>NET PATIENT SERVICE REVENUE</b>	\$ 53,407,750	\$ 45,505,077
<b>OTHER REVENUE (EXPENSES)</b>		
Cafeteria and vending machines	175,456	180,515
Record room and miscellaneous	38,527	31,327
Donations	4,044	86,225
Other revenues	3,101	210,474
Total Other Revenue (Expenses)	221,128	508,541
<b>TOTAL REVENUE</b>	53,628,878	46,013,618
<b>OPERATING EXPENSES</b>		
Nursing expenses	11,211,693	10,237,873
Other professional service expenses	17,199,636	15,818,001
General service expenses	3,903,997	3,702,302
Fiscal and administrative services expenses	11,133,966	9,522,441
Depreciation and amortization expenses	2,475,948	2,501,896
Provision for bad accounts (net of recoveries)	7,241,052	6,185,273
Interest expense on bonds	474,840	225,946
Interest expense on leases	50,266	107,168
Total Operating Expenses	53,691,398	48,300,900
<b>INCOME (LOSS) FROM OPERATIONS</b>	(62,520)	(2,287,282)
<b>NON-OPERATING REVENUE AND (EXPENSES)</b>		
Ad valorem taxes	1,195,363	-
Rent income	447,896	447,062
Investment income	750,297	221,963
Loss on disposal of assets	11,787	(168,786)
Miscellaneous	91,262	718
Total Non-Operating Revenue and (Expenses)	2,496,605	500,957
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 2,434,085	\$ (1,786,325)

**WEST CALCASIEU-CAMERON HOSPITAL  
HOSPITAL SERVICE DISTRICT  
Sulphur, Louisiana  
Statements of Changes in Net Assets  
For The Years Ended December 31,**

	<u>2006</u>	<u>2005</u>
<b>NET ASSETS - January 1</b>	\$ 31,742,207	\$ 33,528,532
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<u>2,434,085</u>	<u>(1,786,325)</u>
<b>NET ASSETS - December 31</b>	<u>\$ 34,176,292</u>	<u>\$ 31,742,207</u>



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

	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 79,930	\$ 122,006
Inventories	15,313	12,930
Certificate of deposit	30,000	-
Total Current Assets	125,243	134,936
 <b>Property, Plant and Equipment</b>		
Equipment	26,074	25,254
Less allowance for depreciation	(14,361)	(9,325)
Net Property, Plant and Equipment)	11,713	15,929
 <b>TOTAL ASSETS</b>	 \$ 136,956	 \$ 150,865
 <b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 12,864	\$ 5,580
Total Current Liabilities	12,864	5,580
Total Liabilities	12,864	5,580
 <b>Equity</b>		
Retained earnings	124,092	145,285
 <b>TOTAL LIABILITIES AND EQUITY</b>	 \$ 136,956	 \$ 150,865

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

	<u>2006</u>	<u>2005</u>
<b>OPERATING REVENUES</b>		
Gift shop revenue	\$ 55,457	\$ 40,667
Donations	64,604	95,354
Other revenues	87,971	60,181
Total Revenues	<u>208,032</u>	<u>196,202</u>
 <b>COST OF SALES</b>		
Gift Shop	<u>22,593</u>	<u>22,065</u>
Gross Profit	<u>185,439</u>	<u>174,137</u>
 <b>OPERATING EXPENSES</b>		
Contributions	100,965	170,410
Fund raising	35,351	32,256
Contract services	38,160	36,981
Miscellaneous	26,047	14,057
Professional fees	2,500	2,000
Taxes	3,951	3,245
Depreciation expense	5,036	4,681
Total Operating Expenses	<u>212,010</u>	<u>263,630</u>
 <b>NON-OPERATING REVENUE</b>		
Interest Income	<u>5,378</u>	<u>4,758</u>
 <b>EXCESS OF REVENUE OVER EXPENSES</b>		
	<u>\$ (21,193)</u>	<u>\$ (84,735)</u>

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

	<b>2006</b>	<b>2005</b>
<b>NURSING REVENUES</b>		
Revenue from daily patient services		
Medical and surgical	\$ 5,861,954	\$ 5,819,397
Intensive care	2,339,588	2,155,650
Nursery	163,313	179,832
Total Revenue from Daily Patient Services	8,364,855	8,154,879
Operating room	16,708,480	13,946,860
Delivery room	1,840,596	1,763,341
Recover room	3,421,915	3,184,520
Central supply	221,984	-
Emergency room	7,115,062	11,407,060
<b>TOTAL NURSING REVENUES</b>	<b>\$ 37,672,892</b>	<b>\$ 38,456,660</b>

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

	<u>2006</u>	<u>2005</u>
<b>OTHER PROFESSIONAL SERVICE REVENUES</b>		
Anesthesiology	\$ 2,526,126	\$ 2,269,529
Radiology	20,834,122	16,383,456
Laboratory	14,356,889	13,397,462
Cardiology, EKG and EEG	8,887,013	4,269,110
Physical therapy	1,334,588	1,087,834
Orthopedic	177,904	156,451
Nuclear Medicine	1,763,258	1,344,327
Pharmacy	16,803,343	14,390,211
Respiratory therapy	5,632,259	5,543,643
Dietary - long term care	177,292	140,817
Ambulance service	2,826,599	2,973,952
Emergency room physicians prof. fees	1,821,063	162,001
Occupational therapy	594,439	507,266
Home health care	1,642,431	1,600,848
Day care	122,680	263,250
Therapeutic riding	367,986	263,364
Wellness center	1,232,242	1,366,260
Off site clinics	572,837	498,633
Outpatient testing	472,335	213,680
<b>TOTAL OTHER PROFESSIONAL SERVICE REVENUES</b>	<u>\$ 82,145,406</u>	<u>\$ 66,832,094</u>

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

	2006	2005
<b>NURSING EXPENSES</b>		
Nursing services - salaries	\$ 2,484,390	\$ 2,291,768
Nursing services - administrative salaries	851,639	889,924
Nursing services - expenses	297,223	244,750
Central supply - salaries	123,859	117,680
Central supply - expense	214,116	104,018
Operating room - salaries	1,115,000	994,085
Operating room - expenses	2,674,117	2,358,013
Delivery room - salaries	484,655	483,680
Delivery room - expenses	116,342	124,941
Nursery - salaries	40,815	13,452
Nursery - expenses	14,818	10,671
Recovery room - salaries	182,590	171,396
Recovery room - expenses	15,333	12,543
Intensive care - salaries	845,648	733,701
Intensive care - expenses	76,392	72,837
Emergency room - salaries	1,130,033	1,096,236
Emergency room - expenses	215,723	182,289
Emergency room - professional fees	329,000	335,889
	<b>\$ 11,211,693</b>	<b>\$ 10,237,873</b>
<b>TOTAL NURSING EXPENSES</b>	<b>\$ 11,211,693</b>	<b>\$ 10,237,873</b>

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

	<u>2006</u>	<u>2005</u>
<b>OTHER PROFESSIONAL SERVICE EXPENSES</b>		
Anesthesiology - expenses	\$ 678,839	\$ 675,601
Radiology - salaries	1,035,996	908,019
Radiology - expenses	1,259,132	1,013,502
Laboratory - salaries	932,987	909,307
Laboratory - expenses	1,565,524	1,478,748
Cardiology, EKG and EEG - salaries	381,357	367,532
Cardiology, EKG and EEG - expenses	899,158	617,762
Physical therapy - salaries	495,080	455,250
Physical therapy - expenses	23,758	18,996
Orthopedic room - expenses	46,910	57,464
Pharmacy - salaries	609,931	593,048
Pharmacy - expenses	2,690,415	2,203,202
Respiratory therapy - salaries	546,744	515,700
Respiratory therapy - expenses	127,243	127,197
Ambulance service - salaries	1,156,425	1,155,999
Ambulance service - expenses	208,906	182,628
Medical records - salaries	374,635	324,420
Medical records - expenses	82,194	166,458
Nuclear Medicine - salaries	153,342	120,823
Nuclear Medicine - expenses	240,218	249,277
Outpatient testing - salaries	90,851	72,128
Outpatient testing - expenses	12,030	10,115
Ultrasound - salaries	-	105,023
Ultrasound - expenses	3,632	9,815
Home health care - salaries	802,913	781,882
Home health care - expenses	159,059	182,236
Day care - salaries	208,097	313,057
Day care - expenses	20,970	30,679
Occupational therapy - salaries	176,414	162,777
Occupational therapy - expenses	52,239	36,463
Off site clinic - salaries	480,579	434,822
Off site clinic - expenses	739,296	664,051
Wellness center - salaries	646,422	625,532
Wellness center - expenses	140,121	106,538
Therapeutic riding - salaries	117,717	86,410
Therapeutic riding - expenses	40,502	55,540
<b>TOTAL OTHER PROFESSIONAL SERVICE EXPENSES</b>	<u>\$ 17,199,636</u>	<u>\$ 15,818,001</u>

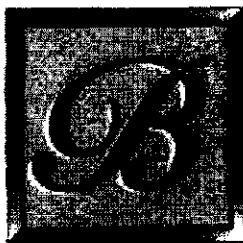
**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedules of General Service Expenses**  
**For The Years Ended December 31,**

	<u>2006</u>	<u>2005</u>
<b>GENERAL SERVICE EXPENSES</b>		
Dietary - salaries	\$ 454,772	\$ 431,371
Dietary - food	327,339	301,167
Dietary - expenses	85,998	72,323
Housekeeping - salaries	410,750	398,218
Housekeeping - expenses	138,934	139,767
Laundry - salaries	104,862	95,393
Laundry - expenses	60,384	61,715
Operating and maintenance of plant - salaries	668,654	636,783
Operating and maintenance of plant - expenses	<u>1,652,304</u>	<u>1,565,565</u>
<b>TOTAL GENERAL SERVICE EXPENSES</b>	<u><u>\$ 3,903,997</u></u>	<u><u>\$ 3,702,302</u></u>

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

	<b>2006</b>	<b>2005</b>
<b>FISCAL AND ADMINISTRATIVE SERVICE EXPENSES</b>		
Administrative - salaries	\$ 2,308,981	\$ 1,979,657
Administrative - general expenses	2,811,373	2,691,946
Payroll taxes and benefits	5,371,902	4,281,417
Insurance and liability claims	641,710	569,421
<b>TOTAL FISCAL AND ADMINISTRATIVE SERVICE EXPENSES</b>	<b>\$ 11,133,966</b>	<b>\$ 9,522,441</b>





Founded in 1978

# BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

## 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, 2006, and have issued our report thereon dated June 15, 2007. 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 principals 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.

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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 grants, 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 test 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.

*Broussard & Company*

Lake Charles, Louisiana  
June 15, 2007

**WEST CALCASIEU-CAMERON HOSPITAL**  
**Sulphur, Louisiana**  
**Schedule of Findings**  
**December 31, 2006**

**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.