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To Whom It May Concern:

The audit report uploaded to the LLA portal inadvertently omitted the Independent Auditor's Report on pages 1 and 2. The attached report includes those pages. No other changes were made.

*Langlinais Broussard & Kohlenberg*

LANGLINAIS BROUSSARD & KOHLENBERG  
(A Corporation of Certified Public Accountants)  
Abbeville, Louisiana  
February 22, 2021

FINANCIAL STATEMENTS

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1

d/b/a LADY OF THE SEA GENERAL HOSPITAL

JUNE 30, 2020 AND 2019

FINANCIAL STATEMENTS

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a LADY OF THE SEA GENERAL HOSPITAL

JUNE 30, 2020 AND 2019

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**INDEPENDENT AUDITOR'S REPORT**

To the Chairman and Board of Commissioners  
Lafourche Parish Hospital Service District No. 1  
d/b/a Lady of the Sea General Hospital  
Galliano, Louisiana

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Lafourche Parish Hospital Service District No. 1, State of Louisiana, Parish of Lafourche, d/b/a Lady of the Sea General Hospital a component unit of the Lafourche Parish Council (Hospital), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Hospital's basic financial statements as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

**AUDITOR'S RESPONSIBILITY**

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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINIONS**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lafourche Parish Hospital Service District No. 1, State of Louisiana, Parish of Lafourche, d/b/a Lady of the Sea General Hospital, a component unit of the Lafourche Parish Council, as of June 30, 2020 and 2019, and the changes in its financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**OTHER MATTERS**

*Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Other Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules identified in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.



LANGLINAIS BROUSSARD & KOHLENBERG  
(A Corporation of Certified Public Accountants)  
Abbeville, Louisiana

December 1, 2020

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

STATEMENT OF NET POSITION

JUNE 30,

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 3,802,747	\$ 1,369,189
Investments	19,229,897	12,349,536
Accounts Receivable, Net of Allowance for doubtful accounts of \$1,976,492 in 2020 and \$2,036,911 in 2019, respectively	2,070,094	2,591,718
Due from Third Party Payors	2,385,395	1,995,685
Inventories	1,670,068	1,253,125
Prepaid Expenses	<u>511,828</u>	<u>444,903</u>
 Total Current Assets	 <u>29,670,029</u>	 <u>20,004,156</u>
<b>ASSETS WHOSE USE IS LIMITED:</b>		
By Board for Indenture Reserves - Debt Service Funds	<u>140,294</u>	<u>398,149</u>
Total Assets Whose Use is Limited	<u>140,294</u>	<u>398,149</u>
 <b>PROPERTY, PLANT, AND EQUIPMENT:</b>		
Property, Plant, and Equipment, Net of Accumulated Depreciation	<u>9,983,828</u>	<u>10,112,065</u>
 <b>OTHER ASSETS:</b>		
Other Receivables, Net of Estimated Uncollectibles of \$25,000 in 2020 and \$109,202 in 2019, respectively	850,260	1,032,054
Other Assets	<u>214,659</u>	<u>214,659</u>
 Total Other Assets	 <u>1,064,919</u>	 <u>1,246,713</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred Charge on Refunding Debt	<u>3,739</u>	<u>8,763</u>
 Total Deferred Outflows of Resources	 <u>3,739</u>	 <u>8,763</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 40,862,809</u>	 <u>\$ 31,769,846</u>

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

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

STATEMENT OF NET POSITION

JUNE 30,

<u>LIABILITIES AND NET POSITION</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	1,774,468	594,576
Credit Balances	65,424	197,561
Accounts Payable	897,547	1,967,985
Accrued Salaries, Benefits and Related Withholdings	972,488	785,261
Interest Payable	35,801	34,928
Accrued Self-Insurance	93,943	119,007
Medicare Accelerated Payments	2,343,504	-
Total Current Liabilities	6,183,175	3,699,318
<b>LONG-TERM LIABILITIES:</b>		
Capital Lease Obligations	-	20,138
Certificate of Indebtedness	835,000	985,000
General Obligation Refunding Bonds - Series 2012	-	283,000
General Obligation Bonds - Series 2013	1,590,000	1,790,000
SBA PPP Loan	1,616,316	-
Provider Relief Funds	4,329,769	-
Total Long-Term Liabilities	8,371,085	3,078,138
<b>TOTAL LIABILITIES</b>	14,554,260	6,777,456
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	7,055,689	6,439,351
Restricted Net Position (Expendable)	140,294	398,149
Unrestricted Net Position	19,112,566	18,154,890
TOTAL NET POSITION	26,308,549	24,992,390
<b>TOTAL LIABILITIES AND NET POSITION</b>	\$ 40,862,809	\$ 31,769,846

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

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30,

	2020	2019
<b>OPERATING REVENUES:</b>		
Net Patient Service Revenues Before Provision for Doubtful Accounts	\$ 25,257,058	\$ 26,994,428
Provision for Doubtful Accounts	(1,681,637)	(2,098,622)
Net Patient Service Revenues After Provision for Doubtful Accounts	23,575,421	24,895,806
340B Outside Pharmacy Revenue	1,593,774	1,424,937
Net Community Pharmacy Revenue	5,041,666	4,508,122
Intergovernmental Revenue-Operating	3,638,439	3,704,938
Other Operating Revenue	156,056	187,396
Total Operating Revenues	34,005,356	34,721,199
<b>OPERATING EXPENSES:</b>		
Salaries	14,780,562	14,233,284
Employee Benefits	4,950,116	5,440,589
Purchased Services	4,613,646	4,240,662
Supplies and Other	9,540,674	9,675,600
Depreciation and Amortization	1,306,967	1,436,843
Total Operating Expenses	35,191,965	35,026,978
<b>(LOSS) FROM OPERATIONS</b>	<b>(1,186,609)</b>	<b>(305,779)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Income on Investments Whose Use is Limited:		
Indenture Agreement and Board for Indenture Reserves	2,161	3,800
Grant Income	336,345	324,107
Interest Income	198,891	264,952
Interest Expense	(149,069)	(164,033)
Taxes:		
Bond - Restricted to Bond Retirement Fund	280,178	340,283
Maintenance	1,863,218	1,887,414
Gain (Loss) on Disposal of Assets	(28,956)	1,370
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>2,502,768</b>	<b>2,657,893</b>
<b>CHANGE IN NET POSITION</b>	<b>1,316,159</b>	<b>2,352,114</b>
<b>TOTAL NET POSITION, BEGINNING</b>	<b>24,992,390</b>	<b>22,640,276</b>
<b>TOTAL NET POSITION, ENDING</b>	<b>\$ 26,308,549</b>	<b>\$ 24,992,390</b>

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



**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**d/b/a LADY OF THE SEA GENERAL HOSPITAL**

**STATEMENT OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30,**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from and On Behalf of Patients	\$ 24,876,478	\$ 26,098,601
Receipts from 340B Program - Outside Pharmacy	1,282,765	1,172,074
Receipts from Intergovernmental Grant Agreement	3,432,404	3,527,052
Receipts from Community Pharmacies	5,002,535	4,508,541
Receipts from Other Operating Sources	156,056	187,396
Payments to Suppliers	(15,224,759)	(12,805,476)
Payments to Employees for Salaries, Benefits and Related Costs	(20,799,997)	(21,327,351)
Net Cash Flow Provided by (Used in) Operating Activities	(1,274,518)	1,360,837
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Ad Valorem Taxes - Debt Service	280,178	340,283
Ad Valorem Taxes - Maintenance	1,863,218	1,887,414
Net Cash Provided by Non-Capital Financing Activities	2,143,396	2,227,697
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Grant Revenue	336,345	324,107
Interest Paid on Long-Term Debt	(143,173)	(190,864)
Proceeds from the Issuance of Long-Term Debt	9,560,918	21,088
Repayment of Long-Term Debt	(744,575)	(903,990)
Net Cash (Used in) Capital and Related Financing Activities	9,009,515	(749,659)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Capital Assets	(1,178,727)	(568,818)
Proceeds from Disposition of Assets	(28,956)	1,370
Proceeds from Sale of Investments	4,726,220	1,210,000
Purchase of Investments	(11,422,279)	(4,500,000)
Interest Income	201,052	268,752
Net Cash (Used in) Investing Activities	(7,702,690)	(3,588,696)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,175,703	(749,821)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, INCLUDING \$398,149 AND \$585,483, LIMITED TO USE FOR 2020 AND 2019, RESPECTIVELY</b>	1,767,338	2,517,159
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR, INCLUDING \$140,294 AND \$398,149, LIMITED TO USE FOR 2020 AND 2019, RESPECTIVELY</b>	\$ 3,943,041	\$ 1,767,338

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

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Operating Loss	\$ (1,186,609)	\$ (305,779)
Adjustments to Reconcile Operating (Loss) to Net Cash		
Used in Operating Activities		
Depreciation and Amortization	1,306,967	1,436,843
Provision for Doubtful Accounts	1,681,637	2,098,622
Decrease in Accounts Receivable	(1,140,107)	(1,832,384)
Increase in Due to/from Third Party Payors	(389,710)	(546,413)
Increase in Other Receivables	(154,551)	(397,321)
Decrease in Inventories and Prepaids	(483,868)	(71,104)
Increase in Accounts Payable and Accrued Expenses	(883,213)	1,154,527
Decrease in Other Current Liabilities	<u>(25,064)</u>	<u>(176,154)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,274,518)</u>	<u>\$ 1,360,837</u>

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

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity.** Lafourche Parish Hospital Service District No. 1, State of Louisiana, d/b/a Lady of the Sea General Hospital, a component unit of the Lafourche Parish Council (Hospital) is an acute care facility created pursuant to Louisiana Revised Statutes of 1950, Title 46, Chapter 10, and Ordinance No. 863 of Lafourche Parish Council adopted January 27, 1953. It is the Hospital's mission to provide its community with high quality care and education in a friendly, caring and professional manner.

The administration of the Hospital is governed by a Board of Commissioners consisting of five members appointed by the Lafourche Parish Council in accordance with the terms of office set forth in Louisiana Revised Statute 46:1053 and in Section 24:300 (C) of Sub-Chapter "G" of the Code of Ordinance of the Lafourche Parish Council.

As the governing authority of the parish, for reporting purposes, the Lafourche Parish Council is the financial reporting entity for Lafourche Parish. The financial reporting entity consists of (a) the primary government (Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Codification Sections 2100, 2600, and J50 (formerly GASB 14) established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the Council to impose its will on that organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Council.
2. An organization for which the Council does not appoint a voting majority but is fiscally dependent on the Council.
3. An organization for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Council appoints all of the members of the Hospital's governing board and has the ability to impose its will on the Hospital, the Hospital was determined to be a component unit of the Lafourche Parish Council. The accompanying financial statements present information only on the funds maintained by the Hospital and do not present information on the council, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

**Accounting Standards.** The financial statements of the Hospital have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Proprietary Fund Accounting.** The Hospital utilizes the proprietary fund method of accounting and follows guidance in GASB Codification Section P80. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Substantially all revenues and expenses are subject to accrual. The basic financial statements include Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT

**Cash and Cash Equivalents.** Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation, other arrangements under trust agreements, or with third-party payors.

**Assets Whose Use is Limited.** Assets whose use is limited include assets set aside by the Board of Commissioners for future capital improvements and future indenture agreements, over which the Board retains control and may at its discretion subsequently use for other purposes; assets set aside in accordance with agreements with third-party payors; and assets held by trustees under indenture agreements and self-insurance trust agreements.

**Inventory.** Inventory is valued at the lower of cost or market using the first-in, first-out method.

**Capital Assets.** Capital assets are carried at cost or, if donated, at fair value at date of donation. Capital Assets are defined by the Hospital as assets with an initial individual cost of more than \$5,000 and an initial useful life of three years or greater. Depreciation is computed by the straight-line method over the assets' estimated useful lives generally ranging from 3 to 40 years.

**Net Position.** GASB 63 and GASB Codification Section P80, states that net position is equal to assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net position classifications are defined as follows:

*Invested in Capital Assets, Net of Related Debt* consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds.

*Restricted Net Position* consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets may be restricted when there are limitations imposed on their use either through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* consists of net position that does not meet the definition of the two preceding categories.

The Hospital first applies restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

**Costs of Borrowing.** Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest earned on these borrowed funds, before the funds are spent on the construction of the capital assets, is also capitalized.

**Investments.** Investments, including assets limited as to use, are recorded at fair value in accordance with GASB Codification Section I50.105, *Accounting and Financial Reporting for Investments*. Investments in equity securities with readily determinable fair values and all investments in debt securities, including those classified as assets limited as to use, are measured at fair value in the Statement of Net Position. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income, including realized gains and losses on investments, interest and dividends, and changes in unrealized gains and losses are included in non-operating income. Investments in associated companies are accounted for by the equity method of accounting under which the Hospital's share of the net income of the associated companies is recognized as income in the Hospital's statement of activities and added to the investment account. Dividends and distributions received from the associated companies are treated as a reduction of the investment account.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT

**Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. See the disclosure regarding Net Patient Service Revenue below for further discussion of significant estimates involving the revenue recognition methods of the Hospital.

**Net Patient Service Revenue and Related Receivables.** 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 provides care to patients even though they may lack adequate insurance or may be covered under contractual arrangements that do not pay full charges. As a result, the Hospital is exposed to certain credit risks. The Hospital manages such risk by regularly reviewing its accounts and contracts, and by providing appropriate allowances.

Patient receivables are carried at original charge amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a timely basis. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Patient receivables are written off when deemed uncollectible. Recoveries of patient receivables previously written off are recorded when received.

**Non-Direct Response Advertising.** The Hospital expenses advertising costs as incurred.

**Compensated Absences.** Employees of the Hospital are entitled to paid time off depending on their length of service and other factors. Accrued compensated absences included as a component of accrued salaries, benefits and related withholdings on the Hospital's Statement of Net Position for June 30, 2020 and 2019, was \$494,867 and \$416,664, respectively.

**Grants and Contributions.** From time to time, the Hospital receives grants and contributions from individuals or private and public organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all of the eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

**Operating Revenues and Expenses.** The Hospital's Statement of Revenues, Expenses, and Changes in Net Position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Hospital's principal activity. Non-exchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

**Ad Valorem Taxes.** Property taxes were levied on January 1, on property values assessed on that date. Notices of tax liability are mailed on or about November 1, of the same year and are due and payable at that time. All unpaid taxes levied become delinquent January 1, of the following year. Property tax revenues are recognized in the same fiscal year within which they are billed because they are considered "available" in that period. "Available" includes those property tax receivables expected to be collected within sixty days after year end.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT**

Property taxes are collected through the local sheriff and remitted, net of collection fees, to the Hospital. The sheriff's office is responsible for collection, including establishing lien, levy and due dates of property taxes.

**Income Taxes.** The Hospital is a political subdivision and exempt from taxes. The hospital is required to file Form 990-T for the retail pharmacies.

**Environmental Matters.** Due to the nature of the Hospital's operations, materials handled could lead to environmental concerns. However, at the time, management is not aware of any environmental matters which need to be considered.

**Reclassifications.** To be consistent with current year classifications, some items from the previous year have been reclassified with no effect on net position.

**NOTE 2 - MAJOR SOURCE OF REVENUE**

The Hospital participated in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Hospital derived approximately 44% and 45% of its gross patient service revenue for June 30, 2020 and 2019, respectively, from patients covered by the Medicare and Medicaid programs.

**NOTE 3 - ACCOUNTS RECEIVABLE - PATIENTS**

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies the trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance and a provision for bad debts, if necessary. For receivables associated with Medicaid, Commercial and Self-pay patients, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience and on the age of the receivables balance. The aged balance indicates that third-party claims have reached an age where the probability of payment is low and the self-pay patients are unable or unlikely to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Patients Accounts Receivable consists of the following:

	<u>2020</u>	<u>2019</u>
Total Patients Accounts Receivable	\$ 6,364,743	\$ 7,770,931
Less: Allowances for Doubtful Accounts and Contractual Allowances	<u>4,294,649</u>	<u>5,179,213</u>
Net Patient Accounts Receivable	<u>\$ 2,070,094</u>	<u>\$ 2,591,718</u>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 4 - NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates. Payment arrangements include prospectively determined rates-per-discharge, reimbursed costs, discounted charges and per diem payments. 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 a future period as final settlements are determined.

The primary third-party programs include Medicare and Medicaid, which account for a significant amount of the Hospital's revenue. The laws and regulations under which Medicare and Medicaid programs operate are complex, and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the Hospital's compliance with these laws and regulations. Such review may result in adjustments to program reimbursement previously received and subject the Hospital to fines and penalties. Although no assurance can be given, management believes it has complied with the requirements of these programs.

A summary of the payment arrangements with major third-party payors follows:

**Medicare.** The Hospital is paid for inpatient and outpatient services rendered to Medicare program beneficiaries under cost-based reimbursement methodology. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The retrospectively determined classification of patients and the appropriateness of the patients' admissions are subject to validation reviews by a Medicare peer review organization, which is under contract with the Hospital to perform such reviews. The Hospital files a year end cost report with Medicare to determine final settlement. This cost report is subject to audit by the Medicare fiscal intermediary.

The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2018.

**Medicaid.** Inpatient care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per day. Certain 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. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2013. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as settlements are determined.

The Louisiana Legislature, through the Healthcare Reform Act of 2007 and Act 1 of 2010, tasked the Department of Health and Hospitals to create a new system of care. In response, the Louisiana Department of Health and Hospitals (DHH) reformed its reimbursement methodology for Medicaid patients from a fee-for-service system to the use of a Coordinated Care Network (CCN). During 2011, the Louisiana Department of Health and Hospitals enabled certain third-party payor companies to contract with providers under the Coordinated Care Network methodology. The Hospital is currently contracted and enrolled with payors participating in the Coordinated Care Network. Cost reports are filed with these CCNs and are subject to audit.

**Commercial.** The Hospital has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates-per-discharge, discounts from established charges and prospectively determined daily rates.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 4 - NET PATIENT SERVICE REVENUE, CONT**

For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts, recognized in the period from these major sources, is as follows.

Net Patient Service Revenue by Payor before Provision for Doubtful Accounts:

	2020	2019
Medicare	\$ 3,897,971	\$ 4,912,170
Medicaid	7,630,173	7,097,185
All Other Payors	13,728,914	14,985,073
Total Net Patient Service Revenue Before Provision for Doubtful Accounts	\$ 25,257,058	\$ 26,994,428

The following schedule represents total Net Patient Service Revenue:

	2020	2019
Gross Patient Service Revenue	\$ 56,892,186	\$ 65,873,562
Less: Contractual Adjustments	31,635,128	38,879,133
Net Patient Service Revenue Before Provision for Doubtful Accounts	25,257,058	26,994,428
Provision for Doubtful Accounts	1,681,637	2,098,622
Net Patient Service Revenue After Provision for Doubtful Accounts	\$ 23,575,421	\$ 24,895,806

**NOTE 5 - PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, by major category, is as follows:

		<b>June 30, 2020</b>			
		Asset Life in Years	Beginning Balance	Additions	
Land Improvements	10 - 20	\$ 263,858	\$ -	\$ 25,077	\$ 238,781
Building	10 - 40	15,013,680	-	328,803	14,684,877
Fixed Equipment	15 - 20	1,398,020	-	79,666	1,318,354
Major Movable Equipment	5 - 20	20,635,814	1,396,684	2,365,246	19,667,252
Total Cost		37,311,372	1,396,684	2,798,792	35,909,264
Less: Accumulated Depreciation		27,863,577	1,306,964	2,763,910	26,406,631
Depreciable Capital Assets, Net		9,447,795	89,720	34,882	9,502,633
Land		387,493	-	-	387,493
Construction in Progress		276,777	3,200	186,275	93,702
Net Property, Plant, and Equipment		10,112,065	92,920	221,157	9,983,828



**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1**  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 5 - PROPERTY, PLANT AND EQUIPMENT, CONT**

		<b><u>June 30, 2019</u></b>			
	Asset Life in Years	Beginning Balance	Additions	Deletions	Ending Balance
Land Improvements	10 - 20	\$ 263,858	\$ -	\$ -	\$ 263,858
Building	10 - 40	15,013,680	-	-	15,013,680
Fixed Equipment	15 - 20	1,398,020	-	-	1,398,020
Major Movable Equipment	5 - 20	20,293,259	389,038	46,483	20,635,814
Total Cost		36,968,817	389,038	46,483	37,311,372
Less: Accumulated Depreciation		26,473,217	1,436,843	46,483	27,863,577
Depreciable Capital Assets, Net		<u>10,495,600</u>	<u>1,047,805</u>	<u>-</u>	<u>9,447,795</u>
Land		387,493	-	-	387,493
Construction in Progress		96,997	191,035	11,255	276,777
Net Property, Plant, and Equipment		<u>\$ 10,980,090</u>	<u>\$ 856,770</u>	<u>\$ 11,255</u>	<u>\$ 10,112,065</u>

Depreciation expense for the fiscal years ended June 30, 2020 and 2019 was \$1,306,967 and \$1,436,843, respectively.

The cost of the total assets under capital lease was \$1,022,023 and \$1,085,970 with total related amortization expense of \$153,296 and \$199,210 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 6 - LONG-TERM DEBT**

Long-term debt at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
General Obligation Bonds dated October 3, 2013, original amount of \$3,000,000 bearing interest of 3.38%, maturing serially on March 1, of each year beginning in 2014, with interest payable March 1, and September 1, of each year beginning in 2014, with the final maturity on March 1, 2028. The bonds are collateralized by the Hospital's ad valorem tax revenues.	\$ 1,790,000	\$ 1,980,000
General Obligation Refunding Bonds, dated July 18, 2012, bearing interest of 2.27%, maturing March 1, 2021, with interest payable semi-annually, collateralized by the Hospital's ad valorem tax revenues.	283,000	553,000
Certificate of Indebtedness, Series 2015, dated August 4, 2015, bearing a variable interest rate of no more than 5.00%, maturing July 1, 2025, with interest payable semi-annually, collateralized by excess of annual revenues.	835,000	985,000
Capital Lease Payable, dated May 6, 2014, bearing an interest rate of 3.28%, with payments due monthly, collateralized by laboratory equipment.	-	576
Capital Lease Payable, dated August 29, 2014, bearing an interest rate of 2.05%, with payments due monthly, collateralized by laboratory equipment.	-	7,108

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**NOTE 6 - LONG-TERM DEBT, CONT**

Capital Lease Payable, dated January 25, 2016, bearing an interest rate of 3.28%, with payments due monthly, collateralized by laboratory equipment.	-	7,253
Capital Lease Payable, dated April 1, 2015, bearing an interest rate of 3.29%, with payments due monthly, collateralized by radiology equipment.	-	44,198
Capital Lease Payable, dated October 1, 2016, bearing an interest rate of 3.90%, with payments due monthly, collateralized by R&F Room equipment.	20,139	95,579
Small Business Administration Paycheck Protection Program Loan, dated May 6, 2020, bearing an interest rate of 1.0%, with payments due monthly.	2,887,645	-
HHS Provider Relief Funds, bearing no interest, no repayment plan established.	4,329,769	-
Accelerated Medicare Payments, bearing no interest, repayment due through reimbursement deductions.	2,343,504	-
Total Debt	12,489,057	3,672,714
Less: Current Portion	4,117,972	594,576
Long-Term Debt	<u>\$ 8,371,085</u>	<u>\$ 3,078,138</u>

Scheduled repayments on long-term debt are as follows:

June 30, 2020

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	4,117,972	134,099	4,252,071
2022	6,306,085	93,965	6,400,050
2023	370,000	72,401	442,401
2024	385,000	57,465	442,465
2025	400,000	41,279	441,279
2026 - 2029	910,000	49,855	959,855
Total	<u>12,489,057</u>	<u>449,064</u>	<u>12,938,120</u>

June 30, 2019

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 594,576	\$ 127,949	\$ 722,525
2021	653,138	106,427	759,565
2022	360,000	86,530	446,530
2023	370,000	72,401	442,401
2024	385,000	57,465	442,465
2025 - 2028	1,310,000	91,134	1,401,134
Total	<u>\$ 3,672,714</u>	<u>\$ 541,906</u>	<u>\$ 4,214,620</u>

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1**  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 6 - LONG-TERM DEBT, CONT**

A summary of debt activity for the year ended is as follows:

	<b><u>June 30, 2020</u></b>				Due Within
	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>One Year</u>
General Obligation Bonds, Series 2013	\$ 1,980,000	\$ -	\$ 190,000	\$ 1,790,000	\$ 200,000
General Obligation Bonds, Series 2012	553,000	-	270,000	283,000	283,000
Certificate of Indebtedness	985,000	-	150,000	835,000	-
Capital Lease Obligations	154,714	-	134,575	20,139	20,139
COVID-19 Related Debt		9,560,918	-	9,560,918	3,614,833
<b>Total</b>	<b><u>\$ 3,672,714</u></b>	<b><u>\$ 9,560,918</u></b>	<b><u>\$ 744,575</u></b>	<b><u>\$ 12,489,057</u></b>	<b><u>\$ 4,117,972</u></b>

  

	<b><u>June 30, 2019</u></b>				Due Within
	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>One Year</u>
General Obligation Bonds, Series 2013	\$ 2,165,000	\$ -	\$ 185,000	\$ 1,980,000	\$ 190,000
General Obligation Bonds, Series 2012	809,000	-	256,000	553,000	270,000
Certificate of Indebtedness	1,270,000	-	285,000	985,000	-
Capital Lease Obligations	311,616	21,088	177,990	154,714	134,576
<b>Total</b>	<b><u>\$ 4,555,616</u></b>	<b><u>\$ 21,088</u></b>	<b><u>\$ 903,990</u></b>	<b><u>\$ 3,672,714</u></b>	<b><u>\$ 594,576</u></b>

**NOTE 7 - BOND DEFEASANCE**

On July 18, 2012 the Hospital issued \$2,153,000 in General Obligation Refunding Bonds, Series 2012, with an interest rate of 2.270% and annual debt service payments from \$232,274 to \$289,424. These bonds were issued through a current refunding of \$2,125,000 of outstanding 2001 General Obligation Bonds bearing interest rates ranging from .10% to 5.15%. The net proceeds of \$2,153,000 after payment of \$29,568 in debt issuance costs plus an additional \$45,860 of debt service fund monies were used to immediately refund the General Obligation Refunding Bonds, Series 2001.

As a result, the General Obligation Refunding Bonds, Series 2001 are considered to be defeased and the liability has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$43,924. This amount is reflected on the Statement of Net Position as Deferred Outflows of Resources and is being amortized over the remaining life of the refunded debt, which has the same life as the original note. The current refunding resulted in the reduction of aggregate debt service payments over the next nine years by \$272,758, and the Hospital obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$250,750. The effective interest rate on the new issue is 2.27%.

**NOTE 8 - CONCENTRATIONS OF CREDIT RISK**

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors at June 30, 2020 and 2019 are as follows:

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 8 - CONCENTRATIONS OF CREDIT RISK, CONT**

	2020	2019
Medicare	15%	18%
Medicaid	16%	17%
Commercial and other third-party payors	37%	34%
All others	32%	31%
Total	100%	100%

**NOTE 9 - CASH FLOWS SUPPLEMENTAL INFORMATION**

Cash and cash equivalents as of June 30, 2020 and 2019, respectively, consist of the following:

	2020	2019
Cash and Cash Equivalents	\$ 3,802,747	\$ 1,369,189
Assets Limited to Use	140,294	398,149
Total	\$ 3,943,041	\$ 1,767,338

Total interest paid by the Hospital was \$143,173 and \$190,864 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 10 - COMMITMENTS**

**Operating Leases.** The Hospital leases medical equipment and medical office space under operating lease agreements. The total rent expense for equipment leased under operating leases for June 30, 2020 and 2019 was \$160,401 and \$174,744, respectively.

**Employment Contracts.** The Hospital has employment contracts with multiple physicians, which expire at varying times. These agreements generally provide for a base salary or hourly rate in return for services provided, and incentive compensation based on practice income as defined in the individual agreements. The agreements stipulate the circumstances under which termination may occur. The terms of some of the agreements, however, stipulate that in the case of termination without cause, the Hospital is obligated to provide reduced base salary payments for varying monthly periods as is defined in the agreements.

**NOTE 11 - DEFERRED COMPENSATION PLAN AND PENSION PLAN**

The Hospital has a 403 (b) plan where qualifying employees may defer certain amounts of their salary.

Effective November 1, 1995, all full-time employees who had one year of continuous service are eligible to participate in the Hospital's retirement plan. The plan is a defined contribution, money purchase plan. The plan is voluntary and there is no requirement for employees to contribute to the plan. The employee contribution has a maximum set at 20% of base pay, or other guidelines as required by tax code. Part-time employees can participate in the plan, but are limited to only employee contributions. Employees are 100% vested at the time of their enrollment so there are no forfeitures.

The Hospital funds the plan based on a percentage of eligible employees' annual salary. This percentage is determined by the Board annually, and is currently 3.25%. There is no prior funding required. The Hospital's contribution to the plan for June 30, 2020 and 2019 was \$404,371 and \$393,298, respectively. At June 30, 2020 and 2019, the amount due to the plan was \$75,145 and \$64,747, respectively.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 11 - DEFERRED COMPENSATION PLAN AND PENSION PLAN, CONT

The hospital also has the Lady of the Sea General Hospital 457(b) plan which was enacted on October 1, 2008. The Hospital incurs no cost under this plan. The plan allows for pre-tax deferrals of income for chief officers, nurse practitioners, physicians, physician assistants, and directors. The plan is voluntary and there is no requirement for employees to contribute to the plan. These employees are eligible to participate in the plan on their first day of employment and are 100% vested at the time of their enrollment.

NOTE 12 - CONTINGENCIES AND RISK MANAGEMENT

The Hospital is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

The Hospital is a member of two separate trust funds established by the Louisiana Hospital Association that encompass self-insurance of (1) Hospital professional liability and comprehensive general liability and (2) Statutory workers' compensation. The Hospital continues to carry commercial insurance for all other risks of loss.

The Hospital participates in the State of Louisiana patient compensation fund (the fund). The fund provides malpractice coverage to the Hospital for claims in excess of \$100,000 up to \$500,000. According to current state law, medical malpractice liability (exclusive of future medical care awards) is limited to \$500,000 per occurrence. The management of the Hospital has no reason to believe that the Hospital will be prevented from continuing its participation in the fund.

**Professional Liability.** The Hospital's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for medical malpractice liability. The trust fund bills members in advance, based upon an estimate of their exposure. At policy year-end, premiums are re-determined utilizing actual losses of the Hospital. The trust fund presumes to be a "grantor trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations and equity amounts assigned to the Hospital by the trust fund in its financial statements.

**Workmen's Compensation.** The Hospital also participates in the Louisiana Hospital Association Self Insurance Workmen's Compensation Trust fund. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not practical to estimate the amount of additional assessments, if any, and the costs associated with any such assessments are treated as period expenses at the time they are assessed. The trust fund presumes to be a "grantor trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations and equity amounts assigned to the Hospital by the trust fund in its financial statements.

**Self-Insurance for Health Insurance.** The Hospital elected to self-insure employee and eligible dependent health claims. The self-insured claims are processed through a plan administrator. The Hospital's self-insured plan has stop-loss insurance coverage for claims in excess of \$100,000 per individual per plan year and \$35,000 in the aggregate for claims in excess of the individual stop-loss. Prior to this election, the Hospital maintained commercial insurance coverage for health claims.

**Laws and Regulations.** The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 12 - CONTINGENCIES AND RISK MANAGEMENT, CONT

Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Hospital is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Hospital's financial position.

NOTE 13 - BANK DEPOSITS AND INVESTMENTS

State statutes authorize the Hospital to invest in obligations of the U.S. Treasury, certificates or other obligations of the United States of America, and time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The hospital must follow Louisiana state statutes regarding collateralization. Per Louisiana Revised Statute 39:1225, the amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

At June 30, 2020 and 2019, the Hospital had bank balances as follows:

	2020	2019
Insured (FDIC)	\$ 354,137	\$ 295,519
Collateralized by securities held by the pledging financial Institutions' trust department in the hospital's name	3,969,706	1,782,990
	4,323,843	2,078,509
Carrying Value	\$ 4,246,005	\$ 2,043,548

For June 30, 2020 and 2019, respectively, investment income and gains on assets limited as to use, cash equivalents, and other investments are comprised of the following:

	2020	2019
Interest Income	\$ 2,161	\$ 3,800

Investments consists of assets held in The Louisiana Asset Management Pool (LAMP) which is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. It is administered by Louisiana Asset Management Pool, Incorporated, a nonprofit corporation, which is subject to the regulatory oversight of the Treasurer of the State of Louisiana. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA R.S. 33:2955. LAMP is designed to be highly liquid and prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. Investments are reported at fair value on the Statement of Net Position. The fair value for these investments is not materially different from its reported amounts.

At year end, the Hospital's investment balances were as follows:

	2020	2019
LAMP (AAAm/Standard & Poor)	\$ 19,229,897	\$ 12,349,536

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**NOTE 13 - BANK DEPOSITS AND INVESTMENTS, CONT**

***Fair Value of Financial Instruments.***

FASB Accounting Standards Codification Topic 820, "Fair Value Measurements (Topic 820)". Topic 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements.

These levels are:

Level 1 - inputs are based upon adjusted quoted prices for identical instruments traded in active markets.

Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.

Level 3 - inputs are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

All investments are based on Level 1 inputs. The hospital relies on the valuation procedures and methodologies of the external managers hired specifically to invest in such securities or in strategies which employ such securities.

**NOTE 14 - ASSETS LIMITED AS TO USE**

On April 1, 2001, the Hospital issued General Obligation Bonds in the amount of \$3,550,000, which required restricted cash to be held in the form of a sinking fund. On July 18, 2012, the hospital issued a General Obligation Refunding Bonds, Series 2012 through which a current refunding of the 2001 General Obligation Bonds was enacted. Section 4.1 of the Series 2012 bond document requires the following cash reservation:

*Sinking Fund* (a) For the payment of the principal of and the interest on the Bonds, the issuer will maintain a special fund, to be held by the regularly designated fiscal agent of the issuer (the "sinking" fund), into which the issuer will deposit the proceeds of the aforesaid tax...and no other moneys whatsoever...funds fully sufficient to pay promptly the principal and interest falling due on such date.

On October 3, 2013, the Hospital issued General Obligation Bonds in the amount of \$3,000,000, which required restricted cash to be held in the form of a sinking fund. Section 9.1 of the Series 2013 bond document requires the following cash reservation:

*Sinking Fund* (a) For the payment of the principal of and the interest on the Bonds, the issuer will maintain a special fund, to be held by the regularly designated fiscal agent of the issuer (the "sinking" fund), into which the issuer will deposit the proceeds of the aforesaid tax...and no other moneys whatsoever...funds fully sufficient to pay promptly the principal and interest falling due on such date.

Assets limited as to use that are required for obligations classified as current liabilities are reported in current assets. The composition of assets limited as to use at June 30, 2020 and 2019, are as follows:

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 14 - ASSETS LIMITED AS TO USE, CONT**

	2020	2019
Under Indenture Agreement:		
Debt Service Funds	\$ 140,294	\$ 398,149
Total	\$ 140,294	\$ 398,149

**NOTE 15 - CHARITY CARE**

The Hospital provides services without charge or at amounts less than its rates to patients who meet the criteria of its charity care policy. The criterion for charity care considers items such as family income, net worth, extent of financial obligations for healthcare services, etc. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported in revenue.

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. Charges forgone, based on established rates, were approximately \$303,362 and \$311,819 for the years ended June 30, 2020 and 2019, respectively.

Management estimates that approximately \$157,707 and \$140,319 of costs were related to charity care for the years ended June 30, 2020 and 2019, respectively. This estimate is based on a ratio of total cost to gross patient charges applied to gross uncompensated charges associated with providing care to charity patients.

**NOTE 16 - NET POSITION**

Net position for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Invested in capital assets, net of related debt	\$ 7,055,689	\$ 6,439,351
Restricted for:		
Bond Indenture (expendable)	140,294	398,149
Unrestricted	19,112,566	18,154,890
Total Net Position	\$ 26,308,549	\$ 24,992,390

**NOTE 17 - GRANT REVENUE**

The Hospital entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards as an intergovernmental transfer (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$3,638,439 and \$3,704,938 for the years ended June 30, 2020 and 2019, respectively. The Hospital recognized non-operating grant income of \$179,573 and \$221,304 from Medicare and Medicaid for the years ended June 30, 2020 and 2019, respectively, as an incentive for implementing electronic health records (EHR). The key component of receiving the EHR incentive payments is "demonstrating meaningful use" which is meeting a series of objectives that make use of an EHR's potential related to the improvement of quality, efficiency, and patient safety. The Centers for Medicare and Medicaid has indicated that demonstrating meaningful use will be phased in in three stages, with each progressive stage incorporating more stringent measures. The Hospital's policy is to record the incentive payments once various stages have been met rather than recognizing ratably throughout the attestation period. In order to receive the incentive payments



LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 17 - GRANT REVENUE, CONT**

under each stage, a hospital must attest through a secure mechanism that they have met the meaningful use criteria. The EHR payments each year are based on management's best estimate.

The payments can be retained and additional payments can be earned for each stage if the Hospital meets certain criteria in future implementation. The EHR incentive payments are reimbursed at a tentative rate with final settlement determined after submittal of the annual cost reports and audits thereof by the fiscal intermediaries.

Various other grants were received during the year for other uses.

**NOTE 18 - 340B DRUG PROGRAM**

The Hospital participates in the 340B Drug Pricing Program through the Health Resources and Services Administration (HRSA). Eligible patients receiving care from the Hospital may receive reduced pricing on certain prescriptions if filled with an outside retail pharmacy which is contracted with the Hospital. Gross revenue recognized from 340B outside pharmacies for the years ended June 30, 2020 and 2019 were \$1,593,774 and \$1,424,937, respectively.

**NOTE 19 - RETAIL PHARMACY REVENUE**

On January 8, 2015, the Hospital opened Lady of the Sea Community Pharmacy in Larose, Louisiana. On July 1, 2015, the Hospital opened Lady of the Sea Community Pharmacy in Cut Off, Louisiana. Net revenues for the pharmacies are shown on the face of the Statement of Revenues, Expenses, and Changes in Net Position. Net revenues are as follows:

	<u>2020</u>	<u>2019</u>
Gross Pharmacy Revenue	\$ 14,317,546	\$ 13,135,795
Less: Contractual Adjustments	<u>9,275,880</u>	<u>8,627,673</u>
Net Community Pharmacy Revenue	<u>\$ 5,041,666</u>	<u>\$ 4,508,122</u>

The Lady of the Sea Community Pharmacy participates in the 340B drug pricing program for eligible patients of the Hospital.

**NOTE 20 - GOVERNMENTAL REGULATIONS**

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE 20 - GOVERNMENTAL REGULATIONS, CONT**

Legislation and regulation at all levels of government have affected and are likely to continue to affect the operation of the Hospital. It is not possible at this time to determine the impact on the Hospital of government plans to reduce Medicare and Medicaid spending, government implementation of national and state healthcare reform or market-initiated delivery system and/or payment methodology changes. However, such changes could have an adverse impact on operating results, cash flows and estimated debt service coverage of the Hospital in future years.

**NOTE 21 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

GASB's new lease accounting standard, GASB Statement No. 87, was issued in June 2017. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Statement number 95 postponed the effective date for 18 months. New effective date is fiscal years beginning after June 15, 2021. Early application is encouraged.

**NOTE 22 - CARES ACT FUNDING**

In response to the COVID-19 pandemic, Congress passed H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which was signed into law by the President on March 27, 2020. This Act established several different tranches of funds meant to ensure businesses would be able to continue paying their employees and other bills despite the reduction in revenue. Lady of the Sea received funds from three of the different portions of funds: The Small Business Administration's Paycheck Protection Program, the Medicare Accelerated Program, and Provider Relief Funds.

*Paycheck Protection Program*

The hospital received \$2,887,645 on May 7, 2020. This money was to be used for payroll costs, utility payments, lease agreements, and interest on mortgage obligations. If certain criteria are met, all or part of the loan will be forgiven. Any portion that isn't forgiven must be repaid over two years at an interest rate of 1%.

*Medicare Accelerated Program*

The hospital received \$2,343,504 in Medicare Accelerated Payments on April 13, 2020. This program has been in existence but was amended and expanded by the Act for the purposes of getting more funding to Medicare Part A providers and Part B suppliers. These funds will be withheld by CMS from Medicare remittances starting a year from the date they were received.

*Provider Relief Funds*

The Hospital received \$4,329,769 under this section of the CARES Act. The terms and conditions require that recipients be able to demonstrate that lost revenues and increased expenses attributable to COVID 19, excluding expenses and losses that have been reimbursed from other sources, exceed the total amount of Provider Relief funding received. A repayment mechanism has yet to be established.

**NOTE 23 - SUBSEQUENT EVENTS**

In preparing these financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through December 1, 2020, the date the financial statements were available to be issued.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

**PATIENT SERVICE REVENUES**

**FOR THE YEARS ENDED JUNE 30,**

	2020	2019
Anesthesia	\$ 283,405	\$ 442,897
Cardiopulmonary	1,264,869	1,790,596
Central Supply	376,570	463,866
Clinics	6,733,562	11,350,592
Dialysis	5,283,434	5,086,710
EKG	566,327	642,077
Emergency Room	8,896,173	9,447,997
Home Health	1,279,231	1,388,540
ICU	322,606	235,004
Laboratory	12,420,904	13,058,500
Med/Surg	2,873,610	3,409,528
Observation	952,105	975,479
Operating Room	671,959	1,028,618
Pharmacy	3,254,016	3,837,043
Radiology	9,399,554	10,461,410
Therapy	2,313,861	2,254,704
<b>GROSS PATIENT SERVICE REVENUE</b>	56,892,186	65,873,561
Contractual Adjustments	(31,635,128)	(38,879,133)
<b>NET PATIENT SERVICE REVENUE BEFORE PROVISION FOR DOUBTFUL ACCOUNTS</b>	<b>\$ 25,257,058</b>	<b>\$ 26,994,428</b>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

OTHER OPERATING REVENUES

FOR THE YEARS ENDED JUNE 30,

	<u>2020</u>	<u>2019</u>
Employee Meals	\$ -	\$ 19,558
Guest Meals	-	5,549
Medical Records Revenue	39,011	43,260
Miscellaneous	56,849	63,025
Rebate Income	35,758	29,179
Rental Income - Clinics	<u>24,438</u>	<u>26,825</u>
Total Other Operating Revenue	<u>\$ 156,056</u>	<u>\$ 187,396</u>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

**SALARIES BY DEPARTMENT**

**FOR THE YEARS ENDED JUNE 30,**

	<u>2020</u>	<u>2019</u>
Administration	\$ 449,695	\$ 446,009
Business Office	511,852	536,600
Cardiopulmonary	403,624	409,929
Clinic Administration	237,298	224,475
Dialysis	322,541	287,731
Dietary	-	87,482
Education - Infection Control	129,342	53,524
Emergency Room	936,942	888,461
Emergency Room Doctors	1,461,789	1,363,890
Flex Pool - Emergency Room	87,775	102,590
General Accounting	189,759	191,543
Home Health	300,292	301,243
Home Health Nursing Services	69,723	67,892
Housekeeping	245,493	265,029
Human Resource and Risk Management	130,064	152,777
ICU	317,464	119,296
Information Technology	266,957	266,218
Laboratory	720,502	715,563
Laundry	36,374	27,542
Learning Center	83,863	111,036
Maintenance	309,766	301,437
Medical Records	253,184	244,781
Medical/Surgical	862,063	1,067,738
Operating Room	321,442	329,546
Pharmacy	367,277	340,219
Pharmacy - Larose	296,361	285,119
Pharmacy - Cutoff	587,115	547,340
Public Relations	124,181	117,107
Purchasing	108,318	109,865
Radiology	644,185	621,595
Rural Health Clinics	3,821,706	3,435,999
Social Services	26,892	45,988
Ultrasound	60,436	70,166
Utilization Review	96,287	97,554
<b>Total Salaries</b>	<b><u>\$ 14,780,562</u></b>	<b><u>\$ 14,233,284</u></b>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

**EMPLOYEE BENEFITS**

**FOR THE YEARS ENDED JUNE 30,**

	<u>2020</u>	<u>2019</u>
Disability Insurance	\$ 100,224	\$ 93,412
Earned Time Off	1,385,737	1,352,214
Hospitalization	1,861,466	2,427,574
Life Insurance	20,555	26,390
Pension Expense	404,371	393,298
Scholarships	14,000	27,500
Social Security	1,065,026	1,035,140
Workers' Compensation	89,580	83,199
Other	<u>9,157</u>	<u>1,862</u>
Total Employee Benefits	<u>\$ 4,950,116</u>	<u>\$ 5,440,589</u>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

PURCHASED SERVICES BY DEPARTMENT

FOR THE YEARS ENDED JUNE 30,

	<u>2020</u>	<u>2019</u>
Administration	\$ 971,909	\$ 945,696
Anesthesia	360,437	328,332
Business Office	45,235	52,432
Cardiopulmonary	38,094	43,557
Clinic Pharmacy	16,620	20,135
Dialysis	70,113	68,108
Emergency Room	255,513	275,965
Freestanding Health Clinics	994	1,023
Home Health	146,640	160,444
Information Technology	4,349	381
Laboratory	205,928	179,991
Maintenance	37,385	18,368
Materials Management	15,531	13,274
Medical Records	12,347	12,552
Medical/Surgical	138,620	70,370
Nutritional Services	240,169	88,591
Operating Room	210,533	210,343
Outpatient Rehab	552,063	496,641
Pharmacy	72,097	82,171
Pharmacy - LaRose	17,373	17,983
Radiology	302,171	320,295
Rural Health Clinics	372,439	371,676
Social Services	249	-
Speech Therapy	231,259	208,816
340B - Outside Pharmacy	295,578	253,518
Total Purchased Services	<u>\$ 4,613,646</u>	<u>\$ 4,240,662</u>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

SUPPLIES AND OTHER EXPENSES BY DEPARTMENT

FOR THE YEARS ENDED JUNE 30,

	<u>2020</u>	<u>2019</u>
Administration	\$ 1,048,633	\$ 1,081,197
Anesthesia	15,603	31,267
Business Office	45,484	50,345
Cardiopulmonary	103,792	109,037
Central Supply	776	150
Dialysis	341,342	341,271
Dietary	186,916	168,401
Education	12,405	9,851
Emergency Room	222,338	328,701
Freestanding Health Clinics	8,869	9,034
General Accounting	90,333	94,790
Home Health	70,820	85,936
Housekeeping	51,585	63,755
Human Resources	4,774	7,336
ICU	7,646	13,438
Information Technology	86,037	62,335
Laboratory	545,675	670,233
Laundry	35,836	39,019
Maintenance	645,583	708,269
Medical Clinic	(38,006)	-
Medical Records	55,615	36,747
Medical/Surgical	53,912	119,181
Operating Room	92,843	163,333
Outpatient Rehab	58,308	40,467
Pharmacy	537,288	552,300
Pharmacy - Larose	1,240,924	1,160,536
Pharmacy - Cutoff	2,199,964	2,018,928
Public Relations	107,920	103,789
Purchasing	305,361	85,609
Radiology	449,776	422,815
Rural Health Clinics	690,790	892,044
Surgery	5,603	-
Social Services	17,065	10,976
Utilization Management	4,375	4,270
340B Outside Pharmacy	234,489	190,240
	<u>\$ 9,540,674</u>	<u>\$ 9,675,600</u>
Total Supplies and Other	<u>\$ 9,540,674</u>	<u>\$ 9,675,600</u>



LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

GOVERNING BOARD EXPENSES

FOR THE YEARS ENDED JUNE 30,

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The Board of Commissioners receive no compensation for serving on the Board.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER

JUNE 30,

	<u>2020</u>	<u>2019</u>
KAREN COLLINS		
Salary	\$ 164,097	\$ 156,830
Benefits-Insurance	10,630	6,498
Benefits-Retirement	5,341	5,135
Reimbursements	-	-
Travel	<u>1,285</u>	<u>523</u>
	<u>\$ 181,353</u>	<u>\$ 168,986</u>



Glen P. Langlinais, CPA  
Gayla F. Russo, CPA

Michael P. Broussard, CPA  
Elizabeth L. Whitford, CPA  
John W. O'Bryan, CPA  
Barrett B. Perry, CPA  
Elizabeth N. DeBaillon, CPA

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

Chairman and Board of Commissioners  
Lafourche Parish Hospital Service District No. 1  
d/b/a Lady of the Sea General Hospital  
Galliano, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lafourche Parish Hospital Service District No. 1, State of Louisiana, Parish of Lafourche, d/b/a Lady of the Sea General Hospital, a component unit of the Lafourche Parish Council (Hospital), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated December 1, 2020.

**INTERNAL CONTROL OVER FINANCIAL STATEMENTS**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan", as items (Findings 2020-1 through 2020-2) that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 identified no findings of noncompliance that are required to be reported under *Government Auditing Standards*.

LAFOURCE PARISH HOSPITAL SERVICE DISTRICT NO. 1'S RESPONSE TO FINDINGS

The Hospital's responses to the findings identified in our audit are described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan". The Hospital's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the Board of Commissioners and management of the Hospital, others within the organization, federal awarding agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties.

Sincerely,



LANGLINAIS BROUSSARD & KOHLENBERG  
(A Corporation of Certified Public Accountants)  
Abbeville, Louisiana

December 1, 2020

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN

For the year ended June 30, 2020

We have audited the financial statements of Lafourche Parish Hospital Service District No. 1, State of Louisiana, Parish of Lafourche, d/b/a Lady of the Sea General Hospital, a component unit of the Lafourche Parish Council (Hospital), as of and for the years ended June 30, 2020, and 2019, respectively, and have issued our report thereon dated December 1, 2020.

We conducted our audit in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. Our audit of the financial statements as of June 30, 2020, and 2019, respectively, resulted in an unmodified opinion.

Section I: Summary of Auditor's Reports

**A. Report on Internal Control and Compliance Material to the Financial Statements:**

Internal Control

Material Weaknesses:	Yes
Significant Deficiencies:	Yes

Compliance:	
Compliance Material to Financial Statements	No

Section II: Financial Statement Findings

**Material Weaknesses**

**Finding 2020-1 Segregation of Duties**

**Condition and Criteria:** The authorization, recording, and reconciling of transactions as well as the custody of assets related to those transactions are not adequately segregated in the general accounting function.

**Cause:** Employees responsible for those duties perform multiple tasks related to the function. Accounting supervisor has the ability to add vendors as well as issue checks. In addition, the comptroller, accounting supervisor, and accounts payable clerk have the ability to print checks with electronic signatures.

**Effect:** Failure to adequately segregate accounting and financial functions increases the risk that errors and irregularities, including fraud, may occur and not be prevented.

**Recommendation:** The authorization of transactions and decisions, recording of those transactions, reconciliation of those transactions, and custody of assets related to those transactions should be separate functions performed by different individuals. For the accounting function, the CFO should review work papers related to journal entries depending on the nature and amount of the journal entries.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN

For the year ended June 30, 2020

**Management Response:** Compensating controls are in place for review of the work papers. The CFO reviews all work papers, check registers and reconciliations on a monthly basis. Adding additional staff at this time would be cost prohibitive. CFO will work with the comptroller to limit access to the number of positions having the ability to print checks with electronic signatures.

**Finding 2020-2 Proposed Audit Adjustments**

**Condition and Criteria:** The proposed audit adjustments for the fiscal years ended June 30, 2020 and 2019 had material effects on the financial statements.

**Cause:** The hospital was unable to reconcile some accounts due to software reporting deficiencies. In addition, cost report settlements were not available for recording as of the date of the hospital financial close period.

**Effect:** The accounting department has a limited amount of time to review the year end closing adjustments.

**Recommendation:** The hospital should consider extending its closing date for the year end to allow time for a comprehensive review to be performed by the CFO so that all non-cost report related adjustments can be made in a timely manner. The proposed audit adjustments should be reviewed by knowledgeable hospital personnel and approved before posting.

**Management Response:** Management acknowledges there are proposed audit entries for the fiscal year end. The closing date for the year is set to allow for financial statement completion prior to Finance Committee reporting. Going forward, the CFO will request a change for the date of the Finance Committee meeting at year end.

**Section III: Management Letter Items**

There are no management letter items at June 30, 2020.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a LADY OF THE SEA GENERAL HOSPITAL

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2020

Section I - Internal Control and Compliance Material to the Financial Statements

Finding 2019-1 Segregation of Duties

The authorization, recording, and reconciling of transactions as well as the custody of assets related to those transactions are not adequately segregated in the purchasing and receiving cycles and general accounting function.

Status: Unresolved. See Finding 2020-1.

Finding 2019-2 Proposed Audit Adjustments

The proposed audit adjustments for the fiscal years ended June 30, 2018 and 2017 had material effects on the financial statements.

Status: Unresolved. See Finding 2020-2.