

FINANCIAL STATEMENTS

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1

d/b/a LADY OF THE SEA GENERAL HOSPITAL

JUNE 30, 2021 AND 2020



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FINANCIAL STATEMENTS

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d/b/a LADY OF THE SEA GENERAL HOSPITAL

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TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
<b>Basic Financial Statements:</b>	
Statement of Net Position	3 - 4
Statement of Revenues, Expenses, and Changes in Net Position	5
Statement of Cash Flows	6 - 7
Notes to the Financial Statements	8 - 23
<b>Supplemental Information:</b>	
Patient Service Revenues	24
Other Operating Revenues	25
Salaries by Department	26
Employee Benefits	27
Purchased Service by Department	28
Supplies and Other Expenses by Department	29
Governing Board Expenses	30
Compensation, Benefits and Other Payments to Chief Executive Officer	31
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	32 - 33
Schedule of Findings and Questioned Costs and Management's Corrective Action Plan	34 - 35
Schedule of Prior Year Findings	36



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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, 2021 and 2020, 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, 2021 and 2020, 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 February 22, 2022, 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

February 22, 2022

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>2021</u>	<u>2020</u>
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 2,336,635	\$ 3,802,747
Investments	18,880,769	19,229,897
Accounts Receivable, Net of Allowance for doubtful accounts of \$2,216,503 in 2021 and \$1,976,492 in 2020, respectively	2,401,158	2,070,094
Due from Third Party Payors	3,698,232	2,385,395
Inventories	1,491,273	1,670,068
Prepaid Expenses	514,302	511,828
 Total Current Assets	 <u>29,322,369</u>	 <u>29,670,029</u>
<b>ASSETS WHOSE USE IS LIMITED:</b>		
By Board for Indenture Reserves - Debt Service Funds	121,016	140,294
Total Assets Whose Use is Limited	<u>121,016</u>	<u>140,294</u>
 <b>PROPERTY, PLANT, AND EQUIPMENT:</b>		
Property, Plant, and Equipment, Net of Accumulated Depreciation	<u>10,521,912</u>	<u>9,983,828</u>
 <b>OTHER ASSETS:</b>		
Other Receivables, Net of Estimated Uncollectibles of \$25,000 in 2021 and 2020, respectively	2,284,008	850,260
Other Assets	214,659	214,659
 Total Other Assets	 <u>2,498,667</u>	 <u>1,064,919</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred Charge on Refunding Debt	-	3,739
 Total Deferred Outflows of Resources	 <u>-</u>	 <u>3,739</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 42,463,964</u>	 <u>\$ 40,862,809</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,

LIABILITIES AND NET POSITION

	2021	2020
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	276,588	1,774,468
Credit Balances	103,387	65,424
Accounts Payable	751,119	897,547
Accrued Salaries, Benefits and Related Withholdings	987,060	972,488
Due to Third Party Payors	2,588,375	2,343,504
Interest Payable	18,252	35,801
Accrued Self-Insurance	338,803	93,943
Total Current Liabilities	5,063,584	6,183,175
 <b>LONG-TERM LIABILITIES:</b>		
Capital Lease Obligations	219,434	-
Certificate of Indebtedness	680,000	835,000
General Obligation Bonds - Series 2013	1,385,000	1,590,000
SBA Payroll Protection Program Loan	-	1,616,316
Provider Relief Funds	-	4,329,769
Total Long-Term Liabilities	2,284,434	8,371,085
 <b>TOTAL LIABILITIES</b>	 7,348,018	 14,554,260
 <b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	7,960,890	7,055,689
Restricted Net Position (Expendable)	121,016	140,294
Unrestricted Net Position	27,034,040	19,112,566
TOTAL NET POSITION	35,115,946	26,308,549
 <b>TOTAL LIABILITIES AND NET POSITION</b>	 \$ 42,463,964	 \$ 40,862,809

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,**

	2021	2020
<b>OPERATING REVENUES:</b>		
Net Patient Service Revenues Before Provision for Doubtful Accounts	\$ 26,483,515	\$ 25,257,058
Provision for Doubtful Accounts	(1,316,636)	(1,681,637)
Net Patient Service Revenues After Provision for Doubtful Accounts	25,166,879	23,575,421
340B Outside Pharmacy Revenue	1,234,888	1,593,774
Net Community Pharmacy Revenue	5,519,015	5,041,666
Intergovernmental Revenue-Operating	3,597,706	3,638,439
Other Operating Revenue	185,112	156,056
Total Operating Revenues	35,703,600	34,005,356
<b>OPERATING EXPENSES:</b>		
Salaries	16,297,940	16,166,299
Employee Benefits	3,826,521	3,564,379
Purchased Services	4,838,503	4,613,646
Supplies and Other	10,858,916	9,540,674
Depreciation and Amortization	1,284,094	1,306,967
Total Operating Expenses	37,105,974	35,191,965
<b>LOSS FROM OPERATIONS</b>	<b>(1,402,374)</b>	<b>(1,186,609)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Income on Investments Whose Use is Limited:		
Indenture Agreement and Board for Indenture Reserves	643	2,161
Grant Income	7,907,242	336,345
Interest Income	36,786	198,891
Interest Expense	(137,115)	(149,069)
Taxes:		
Bond - Restricted to Bond Retirement Fund	532,201	280,178
Maintenance	1,870,014	1,863,218
Gain (Loss) on Disposal of Assets	-	(28,956)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>10,209,771</b>	<b>2,502,768</b>
<b>CHANGE IN NET POSITION</b>	<b>8,807,397</b>	<b>1,316,159</b>
<b>TOTAL NET POSITION, BEGINNING</b>	<b>26,308,549</b>	<b>24,992,390</b>
<b>TOTAL NET POSITION, ENDING</b>	<b>\$ 35,115,946</b>	<b>\$ 26,308,549</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,**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from and on behalf of patients	\$ 23,571,028	\$ 24,876,478
Receipts from 340B Program - Outside Pharmacy	1,019,865	1,282,765
Receipts from Intergovernmental Grant Agreement	2,476,174	3,432,404
Receipts from Community Pharmacies	5,469,784	5,002,535
Receipts from Other Operating Sources	185,112	156,056
Payments to Suppliers	(15,843,847)	(15,224,759)
Payments to Employees for Salaries, Benefits and Related Costs	(19,489,495)	(20,799,997)
Net Cash Flow Provided by (Used in) Operating Activities	(2,611,379)	1,068,986
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Ad Valorem Taxes - Debt Service	532,201	280,178
Ad Valorem Taxes - Maintenance	1,870,014	1,863,218
Proceeds from Paycheck Protection Program	-	2,887,645
Proceeds from Provider Relief Funds	316,619	4,329,769
Net Cash Provided by Non-Capital Financing Activities	2,718,834	9,360,810
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Grant Revenue	341,722	336,345
Interest Paid on Long-Term Debt	(150,925)	(143,173)
Proceeds from the Issuance of Long-Term Debt	332,296	-
Repayment of Long-Term Debt	(699,428)	(744,575)
Net Cash (Used in) Capital and Related Financing Activities	(176,335)	(551,403)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Capital Assets	(1,821,939)	(1,178,727)
Proceeds from Disposition of Assets	-	(28,956)
Proceeds from Sale of Investments	1,900,000	4,726,220
Purchase of Investments	(1,532,000)	(11,422,279)
Interest Income	37,429	201,052
Net Cash (Used in) Investing Activities	(1,416,510)	(7,702,690)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,485,390)</b>	<b>2,175,703</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, INCLUDING \$140,294 AND \$398,149, LIMITED TO USE FOR 2021 AND 2020, RESPECTIVELY</b>	<b>3,943,041</b>	<b>1,767,338</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR, INCLUDING \$121,016 AND \$140,294, LIMITED TO USE FOR 2021 AND 2020, RESPECTIVELY</b>	<b>\$ 2,457,651</b>	<b>\$ 3,943,041</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,

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Operating Loss	\$ (1,402,374)	\$ (1,186,609)
Adjustments to Reconcile Operating (Loss) to Net Cash		
Used in Operating Activities		
Depreciation and Amortization	1,284,094	1,306,967
Provision for Doubtful Accounts	1,316,636	1,681,637
Increase in Accounts Receivable	(1,609,737)	(1,140,107)
Increase in Due to/from Third Party Payors	(1,067,966)	(389,710)
Increase in Other Receivables	(1,421,357)	(154,551)
Decrease (Increase) in Inventories and Prepaids	176,321	(483,868)
(Increase) Decrease in Accounts Payable and Accrued Expenses	(131,856)	1,460,291
Increase (Decrease) in Other Current Liabilities	<u>244,860</u>	<u>(25,064)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (2,611,379)</u>	<u>\$ 1,068,986</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, 2021 AND 2020

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 the members of the Hospital's governing board and can 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, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020, was \$464,877 and \$494,867, 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 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, 2021 AND 2020

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 41% and 44% of its gross patient service revenue for June 30, 2021 and 2020, 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 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 based on its 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 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>2021</u>	<u>2020</u>
Total Patients Accounts Receivable	\$ 7,327,559	\$ 6,364,743
Less: Allowances for Doubtful Accounts and Contractual Allowances	<u>4,926,401</u>	<u>4,294,649</u>
Net Patient Accounts Receivable	<u>\$ 2,401,158</u>	<u>\$ 2,070,094</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, 2019.

**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, 2015. 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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

For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue based on its standard rates for services provided. Based on 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:

	<u>2021</u>	<u>2020</u>
Medicare	\$ 4,052,138	\$ 4,912,170
Medicaid	8,188,043	7,097,185
All Other Payors	14,243,334	13,247,703
Total Net Patient Service Revenue Before Provision for Doubtful Accounts	<u>\$ 26,483,515</u>	<u>\$ 25,257,058</u>

The following schedule represents total Net Patient Service Revenue:

	<u>2021</u>	<u>2020</u>
Gross Patient Service Revenue	\$ 58,584,618	\$ 56,892,186
Less: Contractual Adjustments	32,101,103	31,635,128
Net Patient Service Revenue Before Provision for Doubtful Accounts	26,483,515	25,257,058
Provision for Doubtful Accounts	1,316,636	1,681,637
Net Patient Service Revenue After Provision for Doubtful Accounts	<u>\$ 25,166,879</u>	<u>\$ 23,575,421</u>

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

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

**June 30, 2021**

Asset	Life in	Beginning	Additions	Deletions	Ending
	Years	Balance			Balance
Land Improvements	10 - 20	\$ 238,781	\$ -	\$ -	\$ 238,781
Building	10 - 20	14,684,877	31,300	-	14,716,177
Fixed Equipment	15 - 20	1,318,354	-	-	1,318,354
Major Movable Equipment	5 - 20	19,667,252	1,630,197	53,968	21,243,481
Total Cost		<u>35,909,264</u>	<u>1,661,497</u>	<u>53,968</u>	<u>37,516,793</u>
Less: Accumulated Depreciation		26,406,631	1,284,094	53,968	27,636,757
Depreciable Capital Assets, Net		<u>9,502,633</u>	<u>377,403</u>	<u>-</u>	<u>9,880,036</u>
Land		387,493	163,881	-	551,374
Construction in Progress		93,702	-	3,200	90,502
Net Property, Plant, and Equipment		<u>\$ 9,983,828</u>	<u>\$ 541,284</u>	<u>\$ 3,200</u>	<u>\$ 10,521,912</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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

**June 30, 2020**

	Asset Life in Years	Beginning Balance	Additions	Deletions	Ending Balance
Land Improvements	10 - 20	\$ 263,858	\$ -	\$ 25,077	\$ 238,781
Building	10 - 20	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

Depreciation expense for the fiscal years ended June 30, 2021 and 2020 was \$1,284,094 and \$1,306,967, respectively.

The cost of the total assets under capital lease was \$1,442,061 and \$1,022,023 with total related amortization expense of \$79,729 and \$153,296 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 6 - LONG-TERM DEBT**

Long-term debt at June 30, 2021 and 2020 consisted of the following:

	2021	2020
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.	\$ 1,590,000	\$ 1,790,000
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
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.	680,000	835,000
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



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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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

Capital Lease Payable, dated July 1, 2020, bearing an interest rate of 1.43%, with payments due monthly, collateralized by radiology equipment.	291,022	-
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
Total Debt	2,561,022	10,145,553
Less: Current Portion	276,588	1,774,468
Long-Term Debt	<u>\$ 2,284,434</u>	<u>\$ 8,371,085</u>

Scheduled repayments on long-term debt are as follows:

**June 30, 2021**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 276,588	\$ 71,422	\$ 348,010
2023	441,047	76,320	517,367
2024	458,663	60,545	519,209
2025	474,724	43,699	518,423
2026	415,000	26,526	441,526
2027 - 2031	495,000	19,604	514,604
Total	<u>\$ 2,561,022</u>	<u>\$ 298,117</u>	<u>\$ 2,859,139</u>

**June 30, 2020**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,774,468	\$ 134,099	\$ 1,908,567
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 - 2030	910,000	49,855	959,855
Total	<u>\$10,145,553</u>	<u>\$ 449,064</u>	<u>\$10,594,617</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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

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

**June 30, 2021**

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due Within One Year</u>
General Obligation Bonds, Series 2013	\$1,790,000	\$ -	\$ -	\$1,790,000	\$ 205,000
General Obligation Bonds, Series 2012	283,000	-	-	283,000	-
Certificate of Indebtedness	835,000	-	-	835,000	-
Capital Lease Obligations	20,139	332,296	61,444	290,991	71,588
COVID-19 Related Debt	7,217,414	316,619	7,534,033	-	-
<b>Total</b>	<b>10,145,553</b>	<b>648,915</b>	<b>7,595,477</b>	<b>3,198,991</b>	<b>276,588</b>

**June 30, 2020**

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due Within 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	-	7,217,414	-	7,217,414	1,271,329
<b>Total</b>	<b>3,672,714</b>	<b>7,217,414</b>	<b>744,575</b>	<b>10,145,553</b>	<b>1,774,468</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 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 locals and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors at June 30, 2021 and 2020 are as follows:

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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

	2021	2020
Medicare	11%	15%
Medicaid	23%	16%
Commercial and other third-party payors	40%	37%
All others	26%	32%
Total	100%	100%

**NOTE 9 - CASH FLOWS SUPPLEMENTAL INFORMATION**

Cash and cash equivalents as of June 30, 2021 and 2020, respectively, consist of the following:

	2021	2020
Cash and Cash Equivalents	\$ 2,336,635	\$ 3,802,747
Assets Limited to Use	121,016	140,294
Total	\$ 2,457,651	\$ 3,943,041

Total interest paid by the Hospital was \$150,925 and \$143,173 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020 was \$152,129 and \$160,401, 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, 2021 and 2020 was \$405,462 and \$404,371, respectively. At June 30, 2021 and 2020, the amount due to the plan was \$88,649 and \$75,145, respectively.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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.

**Workers' 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, 2021 and 2020, the Hospital had bank balances as follows:

	2021	2020
Insured (FDIC)	\$ 411,115	\$ 354,137
Collateralized by securities held by the pledging financial Institutions' trust department in the hospital's name	2,439,076	3,969,706
	2,850,191	4,323,843
Carrying Value	\$ 2,802,366	\$ 4,246,005

For June 30, 2021 and 2020, respectively, investment income and gains on assets limited as to use, cash equivalents, and other investments are comprised of the following:

	2021	2020
Interest Income	\$ 643	\$ 2,161

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:

	2021	2020
LAMP (AAAm/Standard & Poor)	\$ 18,880,769	\$ 19,229,897

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

**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 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, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Under Indenture Agreement:		
Debt Service Funds	<u>\$ 121,016</u>	<u>\$ 140,294</u>

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 15 - CHARITY CARE, CONT**

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 \$272,390 and \$303,362 for the years ended June 30, 2021 and 2020, respectively.

Management estimates that approximately \$147,091 and \$157,748 of costs were related to charity care for the years ended June 30, 2021 and 2020, 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, 2021 and 2020 are as follows:

	2021	2020
Invested in capital assets, net of related debt	\$ 7,960,890	\$ 7,055,689
Restricted for:		
Bond Indenture (expendable)	121,016	140,294
Unrestricted	27,034,040	19,112,566
Total Net Position	\$ 35,115,946	\$ 26,308,549

**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 \$3,597,706 and \$3,638,439 for the years ended June 30, 2021 and 2020, respectively. The Hospital recognized non-operating grant income of \$241,187 and \$179,573 from Medicare and Medicaid for the years ended June 30, 2021 and 2020, 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. To receive the incentive payments 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**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, 2021 and 2020 were \$1,234,888 and \$1,593,774, 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>2021</u>	<u>2020</u>
Gross Pharmacy Revenue	\$ 15,485,432	\$ 14,317,546
Less: Contractual Adjustments	<u>9,966,417</u>	<u>9,275,880</u>
Net Community Pharmacy Revenue	<u>\$ 5,519,015</u>	<u>\$ 5,041,666</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.

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 currently 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.



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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**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 \$4,646,388 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 February 22, 2022, the date the financial statements were available to be issued.

On August 29, 2021, Hurricane Ida made landfall on the Louisiana Gulf Coast. The storm severely impacted the southeast Louisiana region and the Hospital suffered significant damage from the storm. The financial impact of Hurricane Ida on the Hospital cannot be determined at this time.

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,**

	2021	2020
Anesthesia	\$ 321,404	\$ 283,405
Cardiopulmonary	1,001,452	1,264,869
Central Supply	401,187	376,570
Clinics	5,475,175	6,733,562
Dialysis	5,153,421	5,283,434
EKG	573,499	566,327
Emergency Room	8,765,314	8,896,173
Home Health	1,431,867	1,279,231
ICU	378,375	322,606
Laboratory	13,250,314	12,420,904
Med/Surg	2,898,195	2,873,610
Observation	906,350	952,105
Operating Room	972,869	671,959
Pharmacy	4,178,993	3,254,016
Radiology	10,400,531	9,399,554
Therapy	2,475,672	2,313,861
<b>GROSS PATIENT SERVICE REVENUE</b>	58,584,618	56,892,186
Contractual Adjustments	(32,101,103)	(31,635,128)
<b>NET PATIENT SERVICE REVENUE BEFORE PROVISION FOR DOUBTFUL ACCOUNTS</b>	\$ 26,483,515	\$ 25,257,058

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>2021</u>	<u>2020</u>
Medical Records Revenue	\$ 36,911	\$ 39,011
Miscellaneous	63,745	56,849
Rebate Income	61,621	35,758
Rental Income - Clinics	<u>22,835</u>	<u>24,438</u>
Total Other Operating Revenue	<u>\$ 185,112</u>	<u>\$ 156,056</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>2021</u>	<u>2020</u>
Administration	\$ 521,037	\$ 507,272
Business Office	528,873	560,453
Cardiopulmonary	436,574	445,974
Clinic Administration	267,893	266,951
COVID Sick Pay	86,251	-
Education - Infection Control	176,956	129,342
Emergency Room	1,121,123	1,009,983
ER Doctors	1,454,186	1,461,789
Flex Pool - Emergency Room	47,195	87,775
General Accounting	220,585	214,920
Home Health	431,031	337,173
Home Health Nursing Services	-	69,723
Housekeeping	275,149	268,722
Human Resource and Risk Management	145,291	146,399
ICU	323,489	340,530
Information Technology	311,416	300,953
Laboratory	792,204	780,341
Laundry	25,846	38,808
Learning Center	94,687	83,863
Maintenance	332,985	333,500
Medical Records	273,993	294,371
Medical/Surgical	1,151,269	947,878
Nursing Administration	7,537	6,735
Operating Room	355,388	359,123
Other	113,104	-
Pharmacy	407,092	408,581
Pharmacy Cut Off	845,623	895,621
Pharmacy Larose	492,108	497,424
Public Relations	116,714	140,465
Purchasing	120,058	120,412
Radiology	750,351	719,910
Renal Dialysis	369,827	360,790
Rural Health Clinics	3,490,447	3,821,706
Social Services	34,950	36,479
Ultrasound	76,821	64,268
Utilization Review	99,887	108,065
	<u>                  </u>	<u>                  </u>
Total Salaries	<u>\$ 16,297,940</u>	<u>\$ 16,166,299</u>

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>2021</u>	<u>2020</u>
Disability Insurance	\$ 99,076	\$ 100,224
Hospitalization	2,111,773	1,861,466
Life Insurance	20,748	20,555
Pension Expense	405,462	404,371
Scholarships	16,000	14,000
Social Security	1,078,393	1,065,026
Workers' Compensation	91,900	89,580
Other	<u>3,169</u>	<u>9,157</u>
Total Employee Benefits	<u>\$ 3,826,521</u>	<u>\$ 3,564,379</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>2021</u>	<u>2020</u>
Administration	\$ 1,018,789	\$ 971,909
Anesthesia	255,538	360,437
Business Office	56,874	45,235
Cardiopulmonary	36,761	38,094
Clinic Pharmacy	23,062	16,620
Dialysis	67,111	70,113
Emergency Room	208,654	255,513
Freestanding Health Clinics	1,041	994
Home Health	192,511	146,640
Information Technology	3,461	4,349
Laboratory	233,683	205,928
Maintenance	13,790	37,385
Materials Management	18,948	15,531
Medical Clinic	31	-
Medical Records	2,935	12,347
Medical/Surgical	130,732	138,620
Nutritional Services	207,050	240,169
Operating Room	108,273	210,533
Outpatient Rehab	611,921	552,063
Pharmacy	68,730	72,097
Pharmacy - LaRose	20,490	17,373
Radiology	310,434	302,171
Rural Health Clinics	741,471	372,439
Social Services	100	249
Speech Therapy	242,643	231,259
340B - Outside Pharmacy	263,470	295,578
Total Purchased Services	<u>\$ 4,838,503</u>	<u>\$ 4,613,646</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>2021</u>	<u>2020</u>
Administration	\$ 962,464	\$ 1,048,633
Anesthesia	20,122	15,603
Business Office	27,282	45,484
Cardiopulmonary	88,327	103,792
Central Supply	35	776
Dialysis	426,504	341,342
Dietary	200,747	186,916
Education	11,852	12,405
Emergency Room	298,683	222,338
Freestanding Health Clinics	16,176	8,869
General Accounting	76,523	90,333
Home Health	87,633	70,820
Housekeeping	59,583	51,585
Human Resources	2,399	4,774
ICU	9,981	7,646
Information Technology	114,698	86,037
Laboratory	678,123	545,675
Laundry	29,617	35,836
Maintenance	708,178	645,583
Medical Clinic	11,552	(38,006)
Medical Records	42,757	55,615
Medical/Surgical	68,494	53,912
Operating Room	137,112	92,843
Outpatient Rehab	48,896	58,308
Pharmacy	733,957	537,288
Pharmacy - Larose	1,261,808	1,240,924
Pharmacy - Cutoff	2,655,925	2,199,964
Public Relations	104,020	107,920
Purchasing	567,056	305,361
Radiology	481,507	449,776
Rural Health Clinics	701,513	690,790
Surgery	270	5,603
Social Services	2,131	17,065
Utilization Management	4,337	4,375
340B Outside Pharmacy	218,654	234,489
	<u>\$ 10,858,916</u>	<u>\$ 9,540,674</u>
Total Supplies and Other	<u>\$ 10,858,916</u>	<u>\$ 9,540,674</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,

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>2021</u>	<u>2020</u>
KAREN COLLINS		
Salary	\$ 169,081	\$ 164,097
Benefits-Insurance	11,115	10,630
Benefits-Retirement	5,501	5,341
Travel	<u>300</u>	<u>1,285</u>
	<u>\$ 185,997</u>	<u>\$ 181,353</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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated February 22, 2022.

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 2021-1 through 2021-2) 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*.

**LAFORCE 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

February 22, 2022

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, 2021

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, 2021, and 2020, respectively, and have issued our report thereon dated February 22, 2022.

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, 2021, and 2020, 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 2021-1 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 can add vendors as well as issue checks. In addition, the comptroller, accounting supervisor, and accounts payable clerk can 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, 2021

**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 2021-2 Proposed Audit Adjustments**

**Condition and Criteria:** The proposed audit adjustments for the fiscal years ended June 30, 2021 and 2020 had material effects on the financial statements.

**Cause:** 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. June financials are kept open for an additional month beyond year end. End of year financials are presented as preliminary until final audit entries, including cost report entries, are posted. After cost report preparation in November, the end of year financials are presented as final.

**Section III: Management Letter Items**

There are no management letter items at June 30, 2021.

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, 2021

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

Finding 2020-1 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 2021-1.

Finding 2020-2 Proposed Audit Adjustments

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

Status: Unresolved. See Finding 2021-2.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1

d/b/a LADY OF THE SEA GENERAL HOSPITAL

SINGLE AUDIT REPORT

For the Year Ended June 30, 2021



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LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a LADY OF THE SEA GENERAL HOSPITAL

JUNE 30, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1 - 2
Schedule of Expenditures of Federal Awards	3
Notes to Schedule of Expenditures of Federal Awards	4
Schedule of Findings and Questioned Costs	5
Schedule of Prior Audit Findings	6



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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 Compliance for Each Major Federal Program**

We have audited the Lafourche Parish Hospital Service District no, 1, State of Louisiana, Parish of Lafourche, d/b/a Lady of the Sea General Hospital's (the Hospital) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended June 30, 2021. The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Hospital's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Hospital's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Hospital, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Report on Internal Control over Compliance**

Management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hospital's internal control over compliance with the types of requirements that could have a direct and material effect on each

major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of the Hospital as of and for the year ended June 30, 2021, and have issued our report thereon dated February 22, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative auditor as a public document.



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

February 22, 2022

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures/Lost Revenues</u>
U.S. Department of Health and Human Services Health Resources and Services Administration COVID-19 CARES Act Provider Relief Fund	93.498	\$ 4,347,465

See independent auditor's report and accompany notes to the schedule of expenditures of federal awards

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Hospital under programs of the federal government for the year ended June 30, 2021. The information in the schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the net position, changes in net position, or the cash flows of the Hospital.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are presented on the accrual basis of accounting.

NOTE 3 SUB-RECIPIENTS

There were no payments to sub-recipients for the fiscal year ended June 30, 2021.

NOTE 4 INDIRECT COST RATE

The hospital did not apply indirect costs to the program.

See independent auditor's report and accompany notes to the schedule of expenditures of federal awards

LAFORCHE PARISH HOSPITAL SERVICE DISTRICT NO.1, STATE OF LOUISIANA,  
PARISH OF LAFORCHE, d/b/a LADY OF THE SEA GENERAL HOSPITAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

Section I. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No  
Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? No  
Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a)? No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
93.498	CARES Act Providers Relief Fund

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as "low-risk" auditee? No

Section II. Financial Statement Findings

None.

Section III. Federal Award Findings and Questioned Costs

None.

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

SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2021

None.