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

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

Release Date 1-19-00 , ,

Audits of Financial Statements

June 30, 1999  
and  
June 30, 1998



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

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL**, a component unit of the Lafourche Parish Police Jury, as of and for the years ended June 30, 1999 and 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of **LAFOURCHE PARISH SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL's** management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL** as of June 30, 1999 and 1998, and the results of its operations and its cash flows of its proprietary fund for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 1999 on our consideration of **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

A Professional Accounting Corporation

December 7, 1999

A Professional Accounting Corporation

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

**ASSETS**

	June 30,	
	1999	1998
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 20,148	\$ 422,377
Assets Whose Use is Limited	607,782	515,000
Patient Accounts Receivable, Net of Estimated Uncollectibles of \$1,546,006 for 1999, and \$1,275,871 for 1998	3,845,341	3,950,207
Estimated Third Party Settlements	577,048	-
Inventory Supplies - at Cost	587,941	536,963
Prepaid Expenses	86,043	100,928
Other Receivables	142,740	148,405
Total Current Assets	5,867,043	5,673,880
<b>ASSETS WHOSE USE IS LIMITED</b>		
By Agreements with Third-Party Payors for Funded Depreciation	1,700,049	2,431,369
Under Indenture Agreement	662,743	577,036
By Board for Indenture Reserves	139,058	111,035
By Escrow Agreement	72,782	-
Total Assets Whose Use is Limited	2,574,632	3,119,440
Less: Amounts Required to Meet Current Obligations	607,782	515,000
Noncurrent Assets Whose Use is Limited	1,966,850	2,604,440
<b>PLANT AND EQUIPMENT, NET</b>	6,507,490	5,858,024
<b>OTHER ASSETS</b>		
Construction in Progress	254,369	767,486
Other Receivables	295,495	285,216
Unamortized Bond Costs	6,472	9,252
Investment in Cath Lab	320,000	-
Other Assets	78,749	77,825
Total Other Assets	955,085	1,139,779
Total Assets	\$ 15,296,468	\$ 15,276,123

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

**LIABILITIES AND FUND BALANCE**

	June 30,	
	1999	1998
<b>CURRENT LIABILITIES</b>		
Current Maturities of Bonds Payable	\$ 535,000	\$ 515,000
Accounts Payable - Trade	517,391	935,340
Estimated Third Party Settlements	-	452,302
Accrued Salaries and Employee Benefits	494,679	451,545
Current Maturities of Note Payable	149,337	-
Current Obligations of Capital Leases	58,536	137,691
Accrued Interest on Long-Term Debt	22,579	32,100
Payroll Taxes Payable	1,405	10,442
Total Current Liabilities	<u>1,778,927</u>	<u>2,534,420</u>
<b>LONG-TERM LIABILITIES, NET OF CURRENT MATURITIES</b>		
Bonds Payable	780,000	1,315,000
Note Payable	642,696	-
Long-Term Obligations of Capital Leases	63,897	120,121
Deferred Revenue	46	47
Total Long-Term Liabilities	<u>1,486,639</u>	<u>1,435,168</u>
<b>FUND BALANCE</b>		
Fund Balance	12,164,619	11,394,353
Unrealized Loss on Noncurrent Marketable Securities	(133,717)	(87,818)
Total Fund Balance	<u>12,030,902</u>	<u>11,306,535</u>
Total Liabilities and Fund Balance	<u>\$ 15,296,468</u>	<u>\$ 15,276,123</u>

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

	For The Years Ended	
	June 30,	
	1999	1998
<b>NET PATIENT SERVICE REVENUE</b>	\$ 16,098,381	\$ 15,469,613
<b>OTHER OPERATING REVENUE</b>	947,748	1,083,649
Total Revenue	17,046,129	16,553,262
<b>OPERATING EXPENSES</b>		
Salaries and Wages	5,092,110	5,376,290
Employee Benefits	938,017	1,044,667
Purchased Services	4,427,297	4,355,928
Supplies and Other	3,832,582	3,652,915
Depreciation and Amortization	818,429	875,676
Provision for Bad Debts	2,106,025	1,469,019
Interest	116,741	149,227
Total Expenses	17,331,201	16,923,722
Loss from Operations	(285,072)	(370,460)
<b>NON-OPERATING GAINS (LOSSES)</b>		
Income on Investments Whose Use is Limited:		
By Agreements with Third-Party Payors for Funded Depreciation	120,354	179,232
Under Indenture Agreement and by Board for Indenture Reserves	37,567	37,350
Taxes:		
Bond - Restricted to Bond Retirement Fund	492,542	380,109
Maintenance - Net	501,332	387,310
Other:		
Med Express Prior Losses	(96,457)	-
Non-Operating Gains, Net	1,055,338	984,001
<b>REVENUES AND GAINS IN EXCESS OF EXPENSES AND LOSSES</b>	\$ 770,266	\$ 613,541

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**  
**STATEMENTS OF CHANGES IN FUND BALANCE**

	For The Years Ended	
	June 30,	
	1999	1998
<b>BALANCE, Beginning of Year</b>	\$ 11,394,353	\$ 10,780,812
Revenues and Gains in Excess of Expenses and Losses	770,266	613,541
<b>BALANCE, End of Year</b>	\$ 12,164,619	\$ 11,394,353

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**  
**STATEMENTS OF CASH FLOWS**

	For The Years Ended June 30,	
	1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES AND GAINS AND LOSSES</b>		
Revenues and Gains in Excess of Expenses and Losses	\$ 770,266	\$ 613,541
Adjustments to Reconcile Revenues and Gains in Excess of Expenses and Losses to Net Cash Provided by Operating Activities and Gains and Losses:		
Depreciation and Amortization	818,429	875,676
Provision for Bad Debts	2,106,025	1,469,019
(Increase) in Accounts Receivable	(2,001,159)	(2,002,236)
(Decrease) in Estimated Third-Party Payor Settlements	(1,029,350)	(197,225)
Decrease (Increase) in Other Receivables	4,614	(83,677)
(Increase) in Inventories	(50,978)	(79,783)
Decrease in Prepaid Expenses	14,885	15,178
(Decrease) Increase in Accounts Payable	(417,949)	571,435
Increase (Decrease) in Accrued Salaries and Employee Benefits	43,134	(60,586)
(Decrease) in Accrued Interest on Long-Term Debt	(9,521)	(8,917)
(Decrease) Increase in Payroll Taxes Payable	(9,037)	4,872
Net Cash Provided by Operating Activities and Gains and Losses	<u>239,359</u>	<u>1,117,297</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash (Invested in) Other Assets	(924)	(18,789)
Cash (Invested in) Cath Lab	(142,796)	-
Cash Withdrawn From (Invested in) Assets Whose Use is Limited	544,808	264,859
Additions to Construction In Progress	(540)	(478,406)
Purchases of Plant and Equipment	(1,121,422)	(366,648)
Net Cash (Used in) Investing Activities	<u>(720,874)</u>	<u>(598,984)</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**  
**STATEMENTS OF CASH FLOWS (Continued)**

	For The Years Ended	
	June 30,	
	1999	1998
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Bonds and Certificates of Indebtedness	(515,000)	(480,000)
Payments Made on Capital Leases	(207,554)	(117,413)
Proceeds from Capital Financing Agreement	825,963	-
Payments on Note Payable	(24,122)	-
Net Cash Provided by (Used in) Financing Activities	79,287	(597,413)
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(402,228)	(79,100)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	422,377	501,477
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 20,148	\$ 422,377
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash Paid During the Year For Interest	\$ 126,262	\$ 158,160
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING AND INVESTING ACTIVITIES</b>		
Unrealized (Loss) Gain on Investment Securities	\$ (45,899)	\$ 13,769
Assets Acquired Through Capital Leases	-	19,997
Capital Lease Obligations	-	19,997
Construction in Progress Capitalized During the Year	503,657	1,176

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**

**NOTE A**

**DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

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

As the governing authority of the parish, for reporting purposes, the Lafourche Parish Police Jury is the financial reporting entity for Lafourche Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 Statement No. 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. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potentials for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but is fiscally dependent on the police jury.
3. Organizations 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.

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**D/B/A**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

**DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**REPORTING ENTITY (Continued)**

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

**BASIS OF PRESENTATION**

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. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989 that do not conflict or contradict GASB pronouncements.

The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

**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.

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**D/B/A**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

**DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PLANT AND EQUIPMENT**

Plant and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method.

Maintenance, repairs and minor replacements and improvements are expensed as incurred. Major replacements and improvements are capitalized at cost.

Interest cost incurred on borrowed funds during the period of construction or the outright purchase of capital assets is capitalized as a component of the cost of acquiring those assets.

**INVESTMENTS**

Trading securities, if any, which include any security held for near-term sale, are carried at fair market value. Gains and losses on trading securities, both realized and unrealized, are included in nonoperating income.

Available-for-sale securities, which include any security for which the Hospital has no immediate plan to sell, but which may be sold in the future, are carried at fair value. Realized gains and losses, based on the specific identification method, are included in nonoperating income. Unrealized gains and losses are recorded in fund balance. Premiums and discounts are amortized and accreted, respectively, to interest income using the interest method over the period to maturity.

Held-to-maturity securities, which include any debt security for which the Hospital has the positive intent and ability to hold until maturity, are carried at historical cost adjusted for amortization of premiums and accretion of discounts. Premiums and discounts are amortized and accreted, respectively, to interest income using the interest method over the period to maturity.

Interest and dividends on investments in debt and equity securities are included in nonoperating income when earned.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**INCOME TAXES**

The Hospital is a governmental unit, which has registered itself as a not-for-profit corporation as, described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code.

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**D/B/A**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

**DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**STATEMENT OF REVENUES AND EXPENSES**

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses.

**NET PATIENT SERVICE REVENUE**

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

**NON-DIRECT RESPONSE ADVERTISING**

The Hospital expenses advertising costs as incurred.

**RISK MANAGEMENT**

The Hospital is exposed to various risks of loss related to torts; 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 encompasses 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 risk of loss.

**NOTE B**

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient non-acute services, certain outpatient services and defined capital costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**D/B/A**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B**

**NET PATIENT SERVICE REVENUE (Continued)**

Medicaid - Commencing July 1, 1994, inpatient care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per day. Prior to June 30, 1994, inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 1997.

The Hospital has entered into payment agreements with Blue Cross and other commercial insurance carriers, HMOs 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.

**NOTE C**

**CONCENTRATIONS OF CREDIT RISK**

The Hospital is located in Galliano, Louisiana. The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows as of June 30, 1999:

Medicare	41%
Medicaid	6%
Blue Cross	3%
Other Commercial	31%
Private Pay Patients	<u>19%</u>
	<u>100%</u>

**NOTE D**

**CHARITY CARE**

The Hospital does not provide for charity care upon the admission of a patient. It is only after services have been provided, and a patient claims that he cannot make payment on his account that the Hospital may consider forgiveness of the debt under its charity policy. The Hospital wrote of \$-0- for the years ended June 30, 1999 and 1998, respectively, as charity expense, which is netted against its revenue.

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**D/B/A**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E**

**BANK DEPOSITS**

Cash deposits with financial institutions, which include cash balances whose use is limited or restricted, amounted to \$170,950 as of June 30, 1999. These balances were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name.

**NOTE F**

**ASSETS WHOSE USE IS LIMITED**

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. The composition of assets, whose use is limited at June 30, 1999 and 1998, is set forth in the following table. Investments are stated at fair value.

	June 30,	
	1999	1998
By Agreements with Third-Party Payors for Funded Depreciation		
U.S. Treasury Obligations	\$ 688,759	\$ 1,374,180
Franklin Custodial Funds		
U.S. Government Series	1,011,290	1,057,189
	1,700,049	2,431,369
Under Indenture Agreements		
Cash and Cash Equivalents	77,245	200,185
U.S. Treasury Obligations	585,498	376,851
	662,743	577,036
By Board for Indenture Reserves		
Cash and Cash Equivalents	775	10,815
U.S. Treasury Obligations	138,283	100,220
	139,058	111,035
Under Escrow Finance Agreement		
Cash and Cash Equivalents	72,782	-
	\$ 2,574,632	\$ 3,119,440

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**D/B/A**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F**  
**ASSETS WHOSE USE IS LIMITED (Continued)**

Investment income and gains for assets whose use is limited, cash equivalents, and other investments are comprised of the following for the years ending June 30, 1999 and 1998:

	June 30,	
	1999	1998
Interest Income	\$ 157,921	\$ 216,582

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and Cash Equivalents: The carrying amount reported in the balance sheets for cash and cash equivalents approximates its fair value.

Assets Whose Use is Limited: These assets consist primarily of cash, short-term investments, long-term investments, and interest receivable. The carrying amount reported in the balance sheets approximates fair value.

**NOTE G**  
**PLANT AND EQUIPMENT**

Major classifications of plant and equipment are summarized below:

	June 30,	
	1999	1998
Building and Improvements	\$ 10,145,491	\$ 9,601,453
Equipment	8,589,149	7,669,116
Vehicles	106,757	106,757
	18,841,397	17,377,326
Less: Accumulated Depreciation	12,709,249	11,894,644
Total Buildings and Equipment	6,132,148	5,482,682
Land	375,342	375,342
Total Property and Equipment, Net of Depreciation	\$ 6,507,490	\$ 5,858,024

Depreciation and amortization expense for the years ended June 30, 1999 and 1998 totaled \$818,429 and \$875,676, respectively.

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**D/B/A**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE H**

**BONDS PAYABLE**

On April 1, 1976, bonds totaling \$4,480,000 were issued by the Hospital Service District No. 1 of the Parish of Lafourche, State of Louisiana. Proceeds from the sale of these bonds were restricted for construction of the Hospital. The bonds are in denominations of \$5,000 each, maturing serially in the years 1978 through 2001, inclusive. Interest is payable on April 1 and October 1, each year. The average interest rate is 6.519%. The bonds and interest will be paid by an annual Ad Valorem tax levied on property owners. The balance owed on the bonds was \$690,000 and \$1,010,000 at June 30, 1999 and 1998, respectively.

On February 3, 1981, revenue bonds totaling \$1,685,485 were issued in a private sale to the National Oceanic and Atmospheric Administration, Office of Coastal Zone Management, bearing interest at a rate of 6% per annum and maturing over a period of twenty-five years, with interest payable semi-annually on February 3 and August 3. The balance owed on the bonds was \$450,000 and \$535,000 at June 30, 1999 and 1998, respectively.

On April 1, 1992, bonds totaling \$1,000,000 were issued by the Hospital Service District No. 1 of the Parish of Lafourche, State of Louisiana. Proceeds from the sale of these bonds were restricted to acquiring and constructing additions and improvements to Hospital facilities, including the dialysis unit, equipment and furnishings. The bonds are in denominations of \$5,000 each, maturing serially in the years 1993 to 2002, inclusive. Interest is payable on April 1 and October 1, each year. The interest rate is 7.0%. The balance owed on the bonds was \$175,000 and \$285,000 at June 30, 1999 and 1998, respectively.

Scheduled principal repayments on long-term debt are as follows:

2000	\$ 535,000
2001	500,000
2002	75,000
2003	75,000
2004	75,000
Thereafter	<u>55,000</u>
	\$ 1,315,000



**LAFOURCHIE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**D/B/A**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE I**

**NOTE PAYABLE**

During the year ended June 30, 1999, the Hospital borrowed funds for the acquisition of medical equipment. The loan originated in the amount of \$825,963, and is repayable in 60 monthly installments totaling \$15,254, per month, including interest at 5.36%. The loan is secured by the equipment that was purchased with the proceeds of the loan. Scheduled maturities of this loan are as follows:

2000	\$	149,337
2001		157,542
2002		166,195
2003		175,327
2004		143,632
Thereafter		-
	\$	792,033

**NOTE J**

**COMMITMENTS**

• **Capital Leases**

The Hospital is the lessee of various medical equipment under capital leases expiring in various years through June 30, 2001. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense for the years ended June 30, 1999 and 1998.

Minimum future lease payments under capital leases as of June 30, 1999 are as follows:

Year Ended June 30,

2000	\$	58,536
2001		37,408
2002		26,489
	\$	122,433

• **Operating Leases**

The Hospital also leases medical equipment under operating lease agreements. The total rent expense for the years ended June 30, 1999 and 1998 for equipment leased under operating leases was \$104,901 and \$64,981, respectively.

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**D/B/A**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE J**

**COMMITMENTS (Continued)**

- **Purchase Agreements**

During the fiscal year ended June 30, 1995, the Hospital entered into a long-term purchase contract with 3M Medical Imaging Systems for the purchase of the Hospital's X-ray film. The term of the contract is five years, with an annual film purchase commitment of \$133,890.

As an incentive for the Hospital to enter into the purchasing contract, 3M provided the Hospital with X-ray printing equipment. This equipment had a list price of \$110,026.

The cost of this equipment is deemed to be implicitly included in the annual film purchase commitment. Based on this, the acquisition of the equipment is deemed to be through a capital lease. A portion of the cost incurred in acquiring X-ray film from 3M is applicable to reduction of the lease obligation. Minimum lease payments associated with the equipment are included in the schedule of minimum future lease payments, as presented above.

The effective minimum purchase obligations associated with the purchasing contract are as follows:

<u>Year Ended June 30,</u>	<u>Purchase Commitment</u>	<u>Amount Applied to Lease</u>	<u>Net Purchase Commitment</u>
2000	\$ 78,102	\$ 12,836	\$ 65,266

**NOTE L**

**DEFERRED COMPENSATION PLAN AND PENSION PLAN**

The Hospital has a plan where qualifying employees may defer certain amounts of their salary. The Hospital incurs no cost under this plan.

Effective November 1, 1995, all full-time employees who had one year of continuous service were eligible to participate in the Hospital's retirement plan. Prior to November 1, 1995, full-time employees were required to have three years of continuous service in order to be eligible for the 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. Eligible employees may contribute up to 16% of their annual salary during their first year in the plan and 20% thereafter. 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.

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**D/B/A**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE L**

**DEFERRED COMPENSATION PLAN AND PENSION PLAN (Continued)**

The Hospital funds the plan based on a percentage of eligible employees' annual salary. This percentage is determined by the Board, and is currently 3.25%. There is no prior funding required. The Hospital's contribution to the plan amounted to \$109,590 for June 30, 1999 and \$117,901 for June 30, 1998.

**NOTE M**

**INVESTMENT IN CATH LAB**

During the year ended June 30, 1999, the Hospital fulfilled its obligation in meeting its capital contribution requirement to a limited liability corporation (LLC), operating under the name of Bayou Labs of Louisiana, LLC. The members of the LLC include the Hospital, St. Anne General Hospital and Alton Ochsner Foundation. The Hospital holds a 1/3<sup>rd</sup> interest in the LLC, which is a calendar year entity, whose books and records are subject to audit. The LLC's first audit will be for the year ended December 31, 1999.

**NOTE N**

**YEAR 2000 COMPLIANCE (UNAUDITED)**

Time and space saving programming decisions made in prior years resulted in two-digit codes that may not correctly recognize "00" as the year 2000. Serious processing errors or system failure could result. To prevent this error, computer systems and equipment must be reprogrammed or replaced to make them year 2000 compliant.

The Hospital is significantly dependent on computerized systems for essential operations and to provide services to its patients. As a continuing process, the Hospital is actively engaged in making necessary changes to its systems and equipment to achieve year 2000 compliance. These changes include system upgrades and equipment replacements.

The Hospital has completed testing of its entire system and has received the guarantee of its software vendors. However, the completion of all testing is not a guarantee, unto itself, that the systems will be year 2000 compliant.



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

Independent Auditor's Report  
on Supplementary Information

Our report on our audits of the component unit financial statements of **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL** for the years ended June 30, 1999 and 1998, appears on page 1. Those audits were made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplementary information that follows on pages 19-23 is presented for purposes of additional analysis and is not a required part of the component unit financial statements. Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A Professional Accounting Corporation

December 7, 1999

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

	For The Years Ended	
	June 30,	
	1999	1998
<b>PATIENT SERVICE REVENUES</b>		
Laboratory	\$ 4,035,817	\$ 3,572,800
Psychiatric Program	2,258,918	3,072,041
Pharmacy	3,011,148	2,979,372
Emergency and Treatment Rooms	2,359,794	1,986,413
Cardiopulmonary	1,540,898	1,760,627
Operating Room and Recovery Room	1,829,167	1,624,561
Home Health	643,512	1,607,240
Radiology	1,591,330	1,519,291
Room and Nursing	1,299,864	1,354,694
Dialysis	1,635,367	1,266,996
Cat Scan	956,471	754,840
Ultrasound	832,852	637,561
Anesthesiology	690,117	560,895
Medical Supplies - Central Supply	520,140	536,665
Intensive Care	546,744	516,519
Nuclear Medicine	358,037	449,892
E.K.G.	428,026	349,136
M.R.I.	329,535	178,883
C/P Outreach	46,903	153,354
Mammography	49,181	36,105
Physical Therapy	29,173	24,914
E.E.G.	12,722	19,388
Social Service	6,794	10,059
Speech Therapy	234	-
	25,012,741	24,972,246
Totals		
Less: Contractual Adjustments	8,914,360	9,502,633
Net Patient Service Revenue	\$ 16,098,381	\$ 15,469,613

See independent auditor's report on supplementary information.

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**d/b/a**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**SCHEDULE OF REVENUES (Continued)**

	For The Years Ended	
	June 30,	
	1999	1998
<b>OTHER OPERATING REVENUE</b>		
Clinics	\$ 843,469	\$ 978,826
Employee Meals	39,233	40,707
Miscellaneous	46,559	47,795
Medical Records Revenue	10,925	11,006
Guests Meals	7,523	5,276
Silver Reclamation from X-Ray Films	39	39
Total Other Operating Revenue	\$ 947,748	\$ 1,083,649

See independent auditor's report on supplementary information.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a

LADY OF THE SEA GENERAL HOSPITAL  
SCHEDULE OF OPERATING EXPENSES

For The Year Ended June 30, 1999

(With Comparative Totals For The Year Ended June 30, 1998)

	Salaries and Wages		Employee Benefits		Purchased Services		Supplies and Other		1999 Totals		Salaries and Wages		Employee Benefits		Purchased Services		Supplies and Other		1998 Totals		
	\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		
<b>NURSING SERVICES</b>																					
Routine	698,403	117,042	10,618	59,713	885,776	847,298	114,900	17,328	78,466	1,057,992	698,403	117,042	10,618	59,713	885,776	847,298	114,900	17,328	78,466	1,057,992	
Intensive Care Unit	16,747	-	367,132	16,854	400,733	9,408	360,972	12,659	383,039	16,747	-	367,132	16,854	400,733	9,408	360,972	12,659	383,039			
	<u>715,150</u>	<u>117,042</u>	<u>377,750</u>	<u>76,567</u>	<u>1,286,509</u>	<u>856,706</u>	<u>114,900</u>	<u>378,300</u>	<u>91,125</u>	<u>1,441,031</u>	<u>715,150</u>	<u>117,042</u>	<u>377,750</u>	<u>76,567</u>	<u>1,286,509</u>	<u>856,706</u>	<u>114,900</u>	<u>378,300</u>	<u>91,125</u>	<u>1,441,031</u>	
<b>OTHER PROFESSIONAL SERVICES</b>																					
Central Supply	19,045	4,900	-	89,550	113,495	18,841	-	84,415	109,120	19,045	4,900	-	89,550	113,495	18,841	-	84,415	109,120			
Operating Room	343,132	55,850	-	218,990	617,972	311,698	-	195,858	573,600	343,132	55,850	-	218,990	617,972	311,698	-	195,858	573,600			
Emergency Room	338,071	56,820	880,659	55,175	1,330,725	345,301	836,200	56,062	1,292,743	338,071	56,820	880,659	55,175	1,330,725	345,301	836,200	56,062	1,292,743			
Anesthesiology	203,143	21,112	30,524	35,891	290,670	194,901	33,060	32,895	280,081	203,143	21,112	30,524	35,891	290,670	194,901	33,060	32,895	280,081			
Radiology	408,235	61,369	6,616	481,366	957,586	358,008	64,940	431,713	877,456	408,235	61,369	6,616	481,366	957,586	358,008	64,940	431,713	877,456			
Laboratory	376,401	63,054	264,604	306,583	1,010,642	366,064	255,383	250,065	928,814	376,401	63,054	264,604	306,583	1,010,642	366,064	255,383	250,065	928,814			
Pharmacy	138,325	21,618	6,749	473,362	640,054	134,250	5,245	459,962	624,103	138,325	21,618	6,749	473,362	640,054	134,250	5,245	459,962	624,103			
Dialysis	152,183	33,603	19,115	244,680	449,579	121,881	20,192	184,805	358,350	152,183	33,603	19,115	244,680	449,579	121,881	20,192	184,805	358,350			
Clinics and Therapists	331,806	34,795	337,671	246,672	950,944	495,771	312,559	197,421	1,073,771	331,806	34,795	337,671	246,672	950,944	495,771	312,559	197,421	1,073,771			
Home Health	254,358	50,100	46,628	66,378	417,464	483,852	98,623	91,935	709,170	254,358	50,100	46,628	66,378	417,464	483,852	98,623	91,935	709,170			
Behavioral Medicine	-	-	1,187,820	30,826	1,218,646	-	1,349,004	74,883	1,423,887	-	-	1,187,820	30,826	1,218,646	-	1,349,004	74,883	1,423,887			
BioMedicine	-	-	-	-	-	-	5,000	-	5,000	-	-	-	-	-	-	5,000	-	-	5,000		
Cardiopulmonary	253,561	44,993	77,335	62,168	438,057	240,691	43,446	67,242	421,527	253,561	44,993	77,335	62,168	438,057	240,691	43,446	67,242	421,527			
Cardiopulmonary Outreach	28,438	3,852	5,899	5,941	44,130	83,259	9,825	5,320	118,275	28,438	3,852	5,899	5,941	44,130	83,259	9,825	5,320	118,275			
	<u>2,846,698</u>	<u>452,066</u>	<u>2,863,618</u>	<u>2,317,582</u>	<u>8,479,964</u>	<u>3,154,517</u>	<u>544,587</u>	<u>2,964,217</u>	<u>8,795,897</u>	<u>2,846,698</u>	<u>452,066</u>	<u>2,863,618</u>	<u>2,317,582</u>	<u>8,479,964</u>	<u>3,154,517</u>	<u>544,587</u>	<u>2,964,217</u>	<u>8,795,897</u>			
<b>GENERAL SERVICES</b>																					
Medical Records	122,489	30,584	59,985	27,709	240,767	128,468	27,091	91,460	276,736	122,489	30,584	59,985	27,709	240,767	128,468	27,091	91,460	276,736			
Dietary	143,321	26,672	-	120,528	290,521	138,027	25,813	-	289,334	143,321	26,672	-	120,528	290,521	138,027	25,813	-	289,334			
Housekeeper	140,673	33,076	-	47,842	221,591	123,176	22,708	-	190,737	140,673	33,076	-	47,842	221,591	123,176	22,708	-	190,737			
Laundry	30,705	6,137	-	21,163	58,005	32,496	9,322	-	66,924	30,705	6,137	-	21,163	58,005	32,496	9,322	-	66,924			
Maintenance & Security	144,162	29,530	87,511	399,812	661,015	149,061	80,316	395,596	659,983	144,162	29,530	87,511	399,812	661,015	149,061	80,316	395,596	659,983			
Purchasing	61,377	11,649	-	4,171	77,197	59,783	13,837	-	78,270	61,377	11,649	-	4,171	77,197	59,783	13,837	-	78,270			
Safety	-	-	-	6,042	6,042	-	-	3,024	8,849	-	-	-	6,042	6,042	-	-	3,024	8,849			
Support Services	-	-	3,572	-	3,572	-	-	-	-	-	-	3,572	-	3,572	-	-	-	-	-		
Utilization Management	75,092	12,034	7,200	3,600	97,926	71,934	9,516	-	84,715	75,092	12,034	7,200	3,600	97,926	71,934	9,516	-	84,715			
	<u>717,819</u>	<u>149,682</u>	<u>158,268</u>	<u>630,867</u>	<u>1,656,636</u>	<u>702,945</u>	<u>143,297</u>	<u>174,800</u>	<u>1,655,548</u>	<u>717,819</u>	<u>149,682</u>	<u>158,268</u>	<u>630,867</u>	<u>1,656,636</u>	<u>702,945</u>	<u>143,297</u>	<u>174,800</u>	<u>1,655,548</u>			

	Salaries and Wages	Employee Benefits	Purchased Services	Supplies and Other	1999 Totals	Salaries and Wages	Employee Benefits	Purchased Services	Supplies and Other	1998 Totals
<b>FISCAL SERVICES</b>										
Business Office	154,716	33,744	-	32,989	221,449	145,370	29,580	-	30,592	205,542
Data Processing	28,353	5,342	50,693	17,671	102,059	19,941	4,441	48,060	16,561	89,003
Collections	49,261	9,879	-	477	59,617	39,882	13,580	-	54,234	107,696
Insurance	51,921	10,380	-	166,619	228,920	51,473	14,754	-	1,262	67,489
General Accounting	74,007	16,813	39,099	3,235	133,154	72,649	16,107	41,171	3,384	133,311
	<u>358,258</u>	<u>76,158</u>	<u>89,792</u>	<u>220,991</u>	<u>745,199</u>	<u>329,315</u>	<u>78,462</u>	<u>89,231</u>	<u>106,033</u>	<u>603,041</u>
<b>ADMINISTRATIVE SERVICES</b>										
Administration	103,853	87,165	855,935	391,398	1,438,351	121,875	109,128	669,763	422,711	1,323,477
Nursing Administration	279,116	31,028	-	4,495	314,639	143,174	26,957	-	3,400	173,531
Public Relations	-	15	37,359	168,954	206,328	-	-	36,450	222,624	259,074
Patient Relations	32,944	4,072	-	2,219	39,235	32,457	5,715	-	2,849	41,021
Human Resources	38,272	20,789	44,575	19,509	123,145	35,301	21,621	43,167	37,091	137,180
	<u>454,185</u>	<u>143,069</u>	<u>937,869</u>	<u>586,575</u>	<u>2,121,698</u>	<u>332,807</u>	<u>163,421</u>	<u>749,380</u>	<u>688,675</u>	<u>1,934,283</u>
	<u>\$ 5,092,110</u>	<u>\$ 938,017</u>	<u>\$ 4,427,297</u>	<u>\$ 3,832,582</u>	<u>14,290,006</u>	<u>\$ 5,376,290</u>	<u>\$ 1,044,667</u>	<u>\$ 4,355,928</u>	<u>\$ 3,652,915</u>	<u>14,429,800</u>
<b>DEPRECIATION AND AMORTIZATION</b>										
					818,429					875,676
<b>PROVISION FOR BAD DEBTS</b>										
					2,106,025					1,469,019
<b>INTEREST EXPENSE</b>										
					116,741					149,227
					<u>\$ 17,331,201</u>					<u>\$ 16,923,722</u>

See independent auditor's report on supplementary information.



**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**d/b/a**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**UNAUDITED CONDENSED SCHEDULE OF INSURANCE**  
**For The Year Ended June 30, 1999**

**COVERAGE**

**PROPERTY, BOILER AND MACHINERY**

All Buildings, Personal Property, Boiler and  
Machinery and Business Income  
All Buildings (90% Coinsurance) and Contents,  
Equipment, Etc.

Blanket Coverage Ranges

Low	\$ 4,063,200	11/1/99
High	9,867,000	

Non-Blanket Coverage Ranges

Low	10,000	11/1/99
High	8,000,000	

Autos - Vehicles - Plus Collision	1,000,000	11/1/99
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<b><u>DIRECTORS' AND OFFICERS' LIABILITY</u></b>	1,000,000	9/8/99
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**COMMERCIAL CRIME**

Employee Dishonesty	100,000	11/1/99
Forgery and Alteration	10,000	11/1/99
Theft, Disappearance and Destruction	10,000	11/1/99
Robbery and Safe Burglary	10,000	11/1/99

**FLOOD**

Building	135,000	11/6/99
Contents	25,500	11/6/99

<b><u>WORKMEN'S COMPENSATION</u></b>	1,000,000	11/1/99
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**BOARD ACCIDENT**

Accidental Death	10,000	6/13/00
Medical Expense	10,000	6/13/00

See independent auditor's report on supplementary information.

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**d/b/a**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**UNAUDITED CONDENSED SCHEDULE OF INSURANCE (Continued)**  
**For The Year Ended June 30, 1999**

**COVERAGE**

**PROFESSIONAL LIABILITY**

Coverage per Claim	100,000	11/1/99
Primary Excess	400,000	11/1/99

**GENERAL LIABILITY**

Coverage per Occurrence	5,000,000	11/1/99
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**PATIENT COMPENSATION**

Coverage per Claim	100,000	11/1/99
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**BUSINESS TRAVEL**

Accidental Death	225,000	6/12/00
Aggregate	765,000	6/12/00

See independent auditor's report on supplementary information.



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

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

We have audited the general purpose financial statements of **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL** for the year ended June 30, 1999, and have issued our report thereon dated December 7, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL**'s financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that would be required to be reported herein under *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL**'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does

not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

*LaPorte, Schut, Longie, & Nash*  
A Professional Accounting Corporation

December 7, 1999

**LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**D/B/A**  
**LADY OF THE SEA GENERAL HOSPITAL**  
**STATUS OF PRIOR YEAR AUDIT FINDINGS**  
**For the Year Ended June 30, 1998**

Condition: The **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1, D/B/A LADY OF THE SEA GENERAL HOSPITAL** did not follow the provisions of Louisiana Revised Statute 38:2212 which requires written documentation of price quotations pertaining to purchases of supplies or equipment which equal or exceed \$7,500, but are less than \$15,000.

Current Status: The **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1, D/B/A LADY OF THE SEA GENERAL HOSPITAL** has corrected the situation and is now in compliance with the provisions of Louisiana Revised Statute 38:2212, which requires written documentation of price quotations pertaining to purchases of supplies or equipment which equal or exceed \$7,500, but are less than \$15,000.