

**Hospital Service District of the Parish of St.
Bernard, State of Louisiana**

FINANCIAL STATEMENTS

December 31, 2025 and 2024

REPORT	Page
Independent Auditor's Report.....	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis.....	5
FINANCIAL STATEMENTS	
Statements of Net Position.....	13
Statements of Revenues, Expenses, and Changes in Net Position.....	15
Statements of Cash Flows.....	17
Notes to Financial Statements.....	19
SUPPLEMENTARY INFORMATION	
Schedule of Compensation, Benefits, and Other Payments to Agency Head.....	52
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 <i>Government Auditing Standards</i>	53
Schedule of Findings and Questioned Costs.....	55



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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
Hospital Service District of the Parish of St. Bernard, State of Louisiana
Chalmette, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of December 31, 2025 and 2024, and the changes in financial position, and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

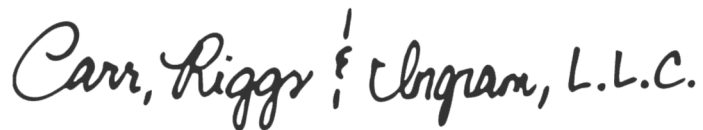
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis 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 basic financial statements. The 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 schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic 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 June 30, 2026, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana
June 30, 2026

Hospital Service District of the Parish of St. Bernard, State of Louisiana Management's Discussion and Analysis

The following discussion and analysis for the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) d/b/a St. Bernard Parish Hospital (the Hospital), provides an overview of the District's financial activities for the years ended December 31, 2025 and 2024. Please read it in conjunction with the District's financial statements, which follow this analysis.

Using These Basic Financial Statements

The District's financial statements consist of: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. These financial statements and related notes provide information about the financial activities of the District and the St. Bernard Hospital Foundation, Inc. (Foundation).

Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position

These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenue and expenses are taken into account when the underlying transactions occur, regardless of when cash is received or paid. These statements report the District's net position and the changes therein. When assessing the overall health of the District, other nonfinancial factors also need to be considered, such as changes in services offered, measures of the quality of service offered, and local economic factors.

Statements of Cash Flows

These statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and noncapital financing activities. It provides information about sources and uses of cash and the change in cash balances during the reporting periods.

Hospital Operations and Significant Events

The mission of the Hospital is to provide quality, comprehensive, cost-effective, healthcare services for St. Bernard Parish. As noted in Note 1, "Description of Hospital Service District", on page 19 the District was formed for the purpose of operating a governmental community hospital in St. Bernard Parish. The Foundation was responsible for construction of the 113,000 square foot state-of-the-art facility, which was substantially completed on July 27, 2012, and the hospital opened its doors to patients shortly thereafter. The Louisiana Department of Health granted the District full licensure on August 20, 2012. The Hospital completed its first full year of operation in 2013.

The hospital facility is licensed for 40 patient beds, an intensive care unit, four operating suites, two endoscopy suites, a cardiac catheterization lab and a ten-bed emergency department. St. Bernard Parish Hospital also provides complete medical imaging, laboratory, in-house pharmacy, food and nutritional services, and rehabilitation services.

The adjacent medical office building (MOB) was substantially completed in late January 2013. The MOB is a complement to the hospital facility and is occupied by physicians in private practice, administrative offices of the hospital, and the St. Bernard Community Health Center.

Hospital Service District of the Parish of St. Bernard, State of Louisiana Management's Discussion and Analysis

During 2017, the District entered into a Special Services Management Agreement with St. Bernard Operational Management Company, LLC (Ochsner), whereby, the management company provides managerial and administrative expertise in the delivery and operations of the hospital and clinically integrated the hospital with the Ochsner network of physicians, clinics, and hospitals, to improve access, quality, availability, affordability and efficiency of care for residents of the St. Bernard Parish community.

Changes in the District's net position from 2024 to 2025 and significant differences in revenue and expenses between the two years are discussed further in sections hereafter.

Statements of Net Position

The District's net position is the difference between its assets and liabilities as reported in the statements of net position. Table 1A presents a summary of the financial changes to the District in 2025 as compared to 2024. The District's total assets increased by \$20,995,597 or 29% and the District's total liabilities increased by \$20,198,075 or 213%.

**Table 1A
Condensed Statements of Net Position**

December 31,	2025	2024	Dollar Change	Percent Change
Assets				
Current assets	\$ 44,101,932	\$ 20,294,373	\$ 23,807,559	117%
Capital assets, net	48,333,848	50,991,459	(2,657,611)	-5%
Other long-term assets	2,169,122	2,323,473	(154,351)	-7%
Total assets	94,604,902	73,609,305	20,995,597	29%
Liabilities				
Current liabilities	29,484,072	9,141,844	20,342,228	223%
Long-term debt, net	174,879	319,032	(144,153)	-45%
Total liabilities	29,658,951	9,460,876	20,198,075	213%
Deferred inflows of resources	2,787,963	2,909,590	(121,627)	-4%
Net Position				
Net investment in capital assets	48,015,203	50,533,447	(2,518,244)	-5%
Unrestricted	14,132,785	10,695,392	3,437,393	32%
Restricted	10,000	10,000	-	0%
Total net position	\$ 62,157,988	\$ 61,238,839	\$ 919,149	2%

Hospital Service District of the Parish of St. Bernard, State of Louisiana Management's Discussion and Analysis

Current Assets

There was a \$23.8 million increase in total current assets from 2024 to 2025.

- Cash increased \$18.8 million. This includes an increase of \$2.7 million in patient services revenue receipts and \$16.1 million decrease in Medicaid support payments.
- Patient Accounts Receivable decreased \$0.3 million.
- The Medicaid Directed Payment (MDP) Program receivable increased \$6.2 million.
- The Managed Care Incentive Payment (MCIP) receivable decreased \$0.8 million due to revenues accrued pursuant to the State's MCIP Program. Of the accrued payments, \$1.4 million were received within the first five months of 2026.

Capital Assets

Table 2A presents the components of capital assets at December 31, 2025 and 2024. In 2025, net capital assets decreased approximately \$2.7 million. Additions of \$2.1 million to capital assets were offset by disposals of \$1.4 million and current year depreciation of \$3.4 million. The District's additions to capital assets were for necessary improvements to the Hospital building and completing purchases of furniture and fixtures, major moveable equipment, and computer equipment for the operations of the Hospital.

December 31,	2025	2024	Dollar Change
Land	\$ 5,690,000	\$ 5,690,000	\$ -
Hospital building	44,670,074	44,409,835	260,239
Medical office building	11,066,147	11,066,147	-
Machinery and equipment	19,175,772	21,171,014	(1,995,242)
Right-of-Use Asset	765,424	1,063,324	(297,900)
Land and leasehold improvements	67,803	50,551	17,252
Software	92,505	92,505	-
Construction in progress	-	151,942	(151,942)
Assets not in service	75,197	737,562	(662,365)
Subtotal	81,602,922	84,432,880	(2,829,958)
Less accumulated depreciation	(33,269,074)	(33,441,421)	172,347
Total capital assets	\$ 48,333,848	\$ 50,991,459	\$ (2,657,611)

Current Liabilities

There was a \$20.3 million increase in total current liabilities from 2024 to 2025.

- Accounts Payable decreased \$263 thousand.
- Accrued interest payable and other expenses increased about \$10.0 million due to an increase in Full Medicaid Payment program payable.

Hospital Service District of the Parish of St. Bernard, State of Louisiana Management's Discussion and Analysis

- Due to Hospital Manager increased \$10.9 million. This is primarily due to the payment of management fees pursuant to the Special Services Management Agreement. According to this agreement, the Hospital Manager may procure purchased services (supplies, equipment, and other items) in the name of and on behalf of the District, for which the District must reimburse the Manager's full cost.
- Third party settlement reimbursements decreased \$206 thousand due to cost report reserve estimates.

Long-Term Debt

The District had \$175K of long-term liabilities which was a 45% decrease.

Net Position

Table 3A presents the components of the District's net position at December 31, 2025 and 2024:

**Table 3A
Components of Net Position**

December 31,		2025	2024	Dollar Change	Percent Change
Net investment in capital assets	\$	48,015,203	\$ 50,533,447	\$ (2,518,244)	-5%
Unrestricted		14,132,785	10,695,392	3,437,393	32%
Restricted		10,000	10,000	-	0%
Total net position	\$	62,157,988	\$ 61,238,839	\$ 919,149	2%

2025 and 2024 Statements of Revenues, Expenses and Changes in Net Position

The following discussion refers to the summarized activity presented in the District's Condensed statements of revenues, expenses, and changes in net position in Table 4A for 2025 and 2024.

Operating Revenue

Operating revenue increased approximately \$2.7 million from 2024 to 2025 due to the increase in patient revenue and the MDP Program.

The District participates in the State's MDP Program, which provides continued support to hospitals that provide services to Managed Medicaid patients through a percentage increase to each hospital's base Medicaid claims payments for hospital services to the Medicaid managed care population. The District recognized MDP Program revenue of approximately \$15.1 million and \$14.3 million in 2025 and 2024, respectively.

Table 4A presents the components of the District's revenue, expenses and change in net position as of December 31, 2025 and 2024:

Hospital Service District of the Parish of St. Bernard, State of Louisiana Management's Discussion and Analysis

Table 4A
Condensed Statements of Revenues, Expenses and Changes in Net Position

December 31,	2025	2024	Dollar Change
Operating revenue	\$ 61,441,611	\$ 58,720,298	\$ 2,721,313
Operating expense	61,321,822	58,560,386	2,761,436
Operating revenue	119,789	159,912	(40,123)
Total interest income	905,143	595,528	309,615
Ad valorem taxes	333	1,846	(1,513)
Loss (gain) on disposal of property and equipment	13,676	2,090	11,586
Interest expense	(119,792)	(159,914)	40,122
Non-operating revenue	799,360	439,550	359,810
Change in net position	919,149	599,462	319,687
Net position, beginning of year	61,238,839	60,639,377	599,462
Net position, end of year	\$ 62,157,988	\$ 61,238,839	\$ 919,149

Table 5A below presents the relative percentages of gross charges billed for patient services by payor.

Table 5A
Payor Mix

	2025	2024
Managed Care	32.2%	31.6%
Medicare	6.9%	6.5%
Medicaid	27.1%	30.6%
Commercial	28.3%	25.2%
Guarantor	5.5%	6.1%
Total	100%	100%

Reimbursements to the District are made on behalf of patients by the federal and state governments under the Medicare and Medicaid programs, respectively, by commercial insurance carriers and health maintenance organizations, as well as by patients on their own behalf. The difference between the covered charges and the payments under government programs and established contracts is recognized as a contractual allowance. Contractual allowance expense as a percentage of gross charges was 74.5% and 75.35% for 2025 and 2024.

Operating Expenses

The operating expenses of the Hospital increased by 5% or \$2.8 million in 2025 as outlined below.

Hospital Service District of the Parish of St. Bernard, State of Louisiana Management's Discussion and Analysis

IGT expense, which is to support the Medicaid program for services to the low-income population, increased by \$6.0 million.

Salaries, wages, and benefits increased \$402 thousand; Medical supplies and services increased by \$392 thousand; General supplies increased \$20 thousand; General and administrative expense decreased by \$4.4 million due to an increase in professional fees; Insurance decreased \$406 thousand; and Building and equipment increased \$326 thousand in 2025 from 2024.

Depreciation increased \$326 thousand in 2025 due to new asset additions.

Non-Operating Income and Expenses

Ad valorem taxes are received by the District from the Tax Assessor of St. Bernard Parish. The 2011 year was the first year the District levied taxes, which have been set at 8.00 mills for the purpose of constructing, equipping, maintaining and operating hospital facilities within the District. The ad valorem taxes recognized by the District are recorded net of an allowance. The millage was not renewed in 2020. Ad valorem taxes recognized by the District decreased by \$2 thousand in 2025.

Interest expense decreased by \$40 thousand and interest income increased \$310 thousand in 2025 due to an increase in interest-earning cash balances.

2025 Budget to Actual Comparison

The following Table 6A presents a comparison between actual results of operations versus budgeted 2025 amounts:

Hospital Service District of the Parish of St. Bernard, State of Louisiana Management's Discussion and Analysis

Table 6A
Budget vs Actual

	Budget	Actual	Favorable (Unfavorable) Variance
Revenues			
Net patient service revenue net of provision for bad debts of \$5,842,652 budget and \$4,971,896 actual	\$ 42,692,572	\$ 42,084,649	\$ (607,923)
Medicaid Directed Payment program revenue	14,057,952	15,102,450	1,044,498
Other operating revenue	3,389,992	4,254,512	864,520
Total revenues	60,140,516	61,441,611	1,301,095
Operating Expenses			
Salaries, wages, and benefits	11,301,199	11,315,104	(13,905)
Supplies and other	7,325,258	7,578,110	(252,852)
Professional fees and purchased services	98,983	297,901	(198,918)
IGT Expense	25,000,000	34,750,000	(9,750,000)
Building and equipment	923,007	1,477,982	(554,975)
Insurance	1,722,458	1,228,495	493,963
General and administrative	10,394,298	1,308,683	9,085,615
Depreciation and amortization	3,255,520	3,365,547	(110,027)
Total operating expenses	60,020,723	61,321,822	(1,301,099)
Non-operating income (loss), net	508,222	799,360	291,138
Excess of revenues over expenses	\$ 628,015	\$ 919,149	\$ 291,134

Net patient revenue was under budget by \$0.6 million due to the impact of the January 2025 winter storm. MDP program revenue was over budget by \$1.0 million. Other operating revenue exceeded budget by \$0.9 million primarily due to an increase in MCIP revenue.

Total Operating Expenses were unfavorable to budget by \$1.3 million. IGT Expense was unfavorable to budget by \$9.8 million. Insurance expenses were favorable by \$0.5 million due to the decrease in property and liability insurance premiums. General and administrative expenses were favorable to budget by \$9.0 million due to a decrease in management fees pursuant to the Special Services Management Agreement. Supplies and other expenses were unfavorable to budget by \$1.1 million.

Liquidity, Economic Factors, and Next Year's Budget

During 2025, management and the Board focused on the following:

- Improving emergency department throughput
- Maintaining a continued focus on quality care
- Enhancing the patient experience and perception of care

Hospital Service District of the Parish of St. Bernard, State of Louisiana Management's Discussion and Analysis

- Focus on access for all patients
- Maintaining and upgrading clinical equipment and the physical plant
- Expanded service offerings to better meet the needs of the community
- Increasing community outreach and education through multiple channels
- Optimizing operational efficiencies through systems and resources provided under the special services agreement with Ochsner
- Promoting staff development and continuing education to improve employee engagement and retention

The Hospital's management and Board of Commissioners considered several key factors in developing the fiscal year 2026 budget. Primary considerations included the overall economic environment, which incorporates market forces and external factors such as:

- Changes in payer requirements, including level-of-care determinations by insurance providers
- Medicare reimbursement adjustments and potential reductions
- Potential Medicaid payment changes and enrollment trends
- Workforce shortages and associated labor cost pressures
- Inflationary impacts on non-labor operating expenses
- Increasing and changing competition within the healthcare marketplace
- Prior year experience and the use of estimates
- Opportunities to improve operating efficiencies through the special services management agreement
- Expected impact of AI on the healthcare industry

Contacting the Financial Management

This financial report is designed to provide our taxpayers, suppliers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Anthony Bonnacarrere, Controller, at the District's finance office at 8000 West Judge Perez Drive, Chalmette, LA 70043.

The preceding discussion and analysis for the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) d/b/a St. Bernard Parish Hospital, provides an overview of the District's financial activities for the years ended December 31, 2025 and 2024. Please read it in conjunction with the District's financial statements, which follow this analysis.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Statements of Net Position

As of December 31, 2025 2024

Assets

Current assets

Cash and cash equivalents	\$ 30,638,725	\$ 11,856,419
Restricted cash and cash equivalents	-	42,440
Receivables		
Patient accounts receivable, net of estimated uncollectibles and allowances of \$13,127,167 in 2025 and \$13,553,920 in 2024	3,313,625	3,624,527
Current portion of lease receivable	747,493	647,805
MDP receivable	6,223,327	25,177
MCIP receivable	2,200,000	2,965,368
Third party settlement reimbursements, net	56,771	-
Other receivable	36,810	34,363
Inventory	268,898	269,262
Prepaid expenses	616,283	829,012

Total current assets	44,101,932	20,294,373
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Right-of-use asset, net	301,530	440,699
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Capital assets, net	48,032,318	50,550,760
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Long-term lease receivable	2,169,122	2,323,473
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Total assets	\$ 94,604,902	\$ 73,609,305
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Liabilities and Net Position

Current liabilities

Accounts payable	\$ 105,172	\$ 429,763
Due to Hospital Manager	17,880,055	6,997,780
Accrued payroll	794,494	786,185
Accrued interest payable and other expenses	728,748	516,404
Full Medicaid Payment program payable	9,750,000	-
Current portion of lease obligation	143,766	138,980
Third party settlement reimbursements, net	-	206,019
Other current liabilities	81,837	66,713

Total current liabilities	29,484,072	9,141,844
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(Continued)

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

Hospital Service District of the Parish of St. Bernard, State of Louisiana
Statements of Net Position

<i>As of December 31,</i>	2025	2024
Long-term debt		
Long-term portion of lease obligation	\$ 174,879	\$ 319,032
Total long-term debt	174,879	319,032
Total liabilities	29,658,951	9,460,876
Deferred inflow of resources		
Leases	2,787,963	2,909,590
Net position		
Net investment in capital assets	48,015,203	50,533,447
Unrestricted	14,132,785	10,695,392
Restricted	10,000	10,000
Total net position	62,157,988	61,238,839
Total liabilities and net position	\$ 94,604,902	\$ 73,609,305

(Concluded)

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

Hospital Service District of the Parish of St. Bernard, State of Louisiana
Statements of Revenues, Expenses, and Changes in Net Position

<i>For the Years Ended December 31,</i>	2025	2024
Operating Revenue		
Net patient service revenue	\$ 42,084,649	\$ 39,663,395
Medicaid Directed Payment program revenue	15,102,450	14,344,289
MCIP revenue	2,962,340	3,438,601
Other operating revenue	462,959	487,520
Rental income	829,213	786,493
Total operating revenues	61,441,611	58,720,298
Operating Expenses		
Salaries and wages	9,284,021	8,981,588
Employee benefits	2,031,083	1,931,822
General and administrative	1,308,683	5,747,008
Medicaid Program Support	34,750,000	28,750,000
Professional fees and purchased services	297,901	158,029
Medical supplies and services	7,313,716	6,921,645
Supplies	264,394	244,554
Building and equipment	1,477,982	1,151,946
Insurance	1,228,495	1,634,127
Depreciation and amortization	3,365,547	3,039,667
Total operating expenses	61,321,822	58,560,386
Operating income (loss)	119,789	159,912
Nonoperating Revenue (Expense)		
Ad valorem revenue	333	1,846
Interest income	905,143	595,528
Gain (loss) on disposal of property and equipment	13,676	2,090
Interest expense	(119,792)	(159,914)
Total nonoperating revenue (expense)	799,360	439,550

(Continued)

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

Hospital Service District of the Parish of St. Bernard, State of Louisiana
Statements of Revenues, Expenses, and Changes in Net Position

<i>For the Years Ended December 31,</i>	2025	2024
Change in net position	\$ 919,149	\$ 599,462
Net position - beginning of year	61,238,839	60,639,377
Net position - end of year	\$ 62,157,988	\$ 61,238,839
		(Concluded)

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

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Statements of Cash Flows

<i>For the Years Ended December 31,</i>	2025	2024
Operating Activities		
Revenue collected	\$ 65,737,530	\$ 52,966,611
Cash paid to or on behalf of employees	(11,306,795)	(10,758,606)
Cash paid for suppliers and services	(35,824,967)	(43,604,970)
Net cash provided by (used in) operating activities	18,605,768	(1,396,965)
Noncapital Financing Activities		
Ad valorem taxes	333	1,846
Net cash provided by (used in) noncapital financing activities	333	1,846
Capital and Related Financing Activities		
Principal payments on long-term debt and lease obligations	(139,368)	(1,154,395)
Interest paid	(12,948)	(74,472)
Purchase of capital assets	(636,564)	(1,848,818)
Proceeds from sale of capital assets	17,502	2,176
Net cash provided by (used in) capital and related financing activities	(771,378)	(3,075,509)
Investing Activities		
Cash received as interest	905,143	595,528
Change in restricted cash	42,440	(20,246)
Net cash provided by (used in) investing activities	947,583	575,282
Net increase (decrease) in cash and cash equivalents	18,782,306	(3,895,346)
Cash and cash equivalents - beginning of year	11,856,419	15,751,765
Cash and cash equivalents- end of year	\$ 30,638,725	\$ 11,856,419

(Continued)

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

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Statements of Cash Flows

For the Years Ended December 31, 2025 2024

Reconciliation of Operating Income (Loss) to Net

Cash Provided by (Used In) Operating Activities

Operating income (loss)	\$ 119,789	\$ 159,912
Adjustments to reconcile operating income (loss) from operations to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	3,365,547	3,039,667
Provision for bad debt	4,753,502	4,971,896
Changes in operating assets and liabilities:		
Patient accounts receivable	(4,442,600)	(4,374,728)
Due from/to Hospital Manager	10,882,275	664,265
Lease receivable	(66,964)	(7,612)
MDP receivable	(6,198,150)	55,143
MCIP receivable	765,368	(1,895,368)
Other receivable	(2,447)	-
Inventory	364	10,104
Prepaid expenses	212,729	106,894
Accounts payable	(399,788)	205,926
Accrued payroll	8,309	154,804
Third party settlement reimbursements	(262,790)	(4,503,018)
Full Medicaid Payment program payable	9,750,000	-
Other liabilities	120,624	15,150

Net cash provided by (used in) operating activities	\$ 18,605,768	\$ (1,396,965)
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Supplemental Disclosures of Noncash Activities

Noncash Investing Activities

Capital assets included in payables	\$ 75,197	\$ 151,593
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The accompanying footnotes are an integral part of these financial statements.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 1: DESCRIPTION OF HOSPITAL SERVICE DISTRICT

The accompanying financial statements include the accounts of the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) and St. Bernard Hospital Foundation, Inc. (the Foundation), which are collectively referred to as the Organization.

The District is a political subdivision of the State of Louisiana (the State) organized by the St. Bernard Parish Council (the Parish) under the provisions of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950. The District was formed on November 6, 2007 for the purpose of constructing a non-profit community hospital in St. Bernard Parish. The District is exempt from federal income taxes under Section 115 of the Internal Revenue Code (IRC). The Board of Commissioners is the governing authority for the District and responsible for obtaining voter and/or board approval for the levy of tax or debt issuance. The District is considered a special district that was formed for the purpose of operation St. Bernard Parish Hospital (the Hospital).

The Foundation is a Louisiana not-for-profit entity which was granted its tax exempt status on October 23, 2012 with an effective exemption date of September 21, 2010 under IRC 501(c)(3). The Foundation was organized on September 21, 2010, for the purpose of assisting and promoting the District with the development of the hospital facility and raising capital for the operation of health care related services to benefit the health and wellness of the residents of the District, particularly the indigent residents of the District. The Foundation is a voluntary, nonprofit, non-stock membership organization.

The Foundation is maintained by grants, private loans, operating revenues, and joint ventures with the District. The Foundation is governed by a Board of Directors made up of five members. Four of the board members are appointed by the Board of Commissioners of the District and one member is appointed by Access Health Louisiana, a Louisiana nonprofit corporation. Due to this level of control and the financial benefit/burden relationship with the District that exists, the Foundation is considered a blended component unit of the District for accounting purposes.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Hospital's accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB has issued Statement No. 35 (GASB 35), *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities* and GASB 39, *Determining Whether Certain Organizations Are Component Units*. The financial statement presentation required by these statements provides a comprehensive, entity-wide perspective of the Hospital's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows and replaces the fund-group perspective previously required. In addition, these statements require the Hospital to present Management's Discussion & Analysis (MD&A). The MD&A is considered to be required supplementary information and precedes the financial statements.

For financial reporting purposes, the Hospital is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as operating revenues and operating expenses. All other activities are reported as non-operating activities.

The Hospital's financial statements are prepared based on accounting principles applicable to governmental units as established by the GASB and the provisions of the American Institute of Certified Public Accountants (AICPA), "Audit and Accounting Guide, Health Care Entities," to the extent that they do not conflict with GASB.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Cash and Cash Equivalents

Cash and cash equivalents includes amounts held in demand deposits and interest-bearing demand deposits. Under state law, the Organization may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana Law and national banks having their principal offices in Louisiana.

Restricted Cash and Cash Equivalents

Restricted cash has restrictions that exist that limit the ability of the Organization to use them to pay current liabilities, including repayment of the Organization's long-term debts. Pursuant to the bond covenants, the sinking fund should be funded in an amount sufficient to pay promptly and fully the debt service as said bonds become due and payable.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Patient Accounts Receivable, Net

Patient accounts receivable are reduced by estimated contractual and other adjustments and estimated uncollectible accounts. In evaluating the collectability of accounts receivable, the District analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowances for third-party contractual and other adjustments and bad debt. Management reviews data about these major payer sources of revenue on a monthly basis in evaluating the sufficiency of the allowances. On a continuing basis, management analyzes delinquent receivables and writes them off against the allowance when deemed uncollectible. No interest is charged on patient accounts receivable balances.

For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for contractual adjustments and, if necessary, a provision for bad debts (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with uninsured patients (also known as 'self-pay'), which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The District has not materially altered its accounts receivable and revenue recognition policies during fiscal year 2025 and did not have significant write-offs from third-party payers related to collectability in fiscal years 2025 or 2024.

Lease Receivables

The District is a lessor for noncancellable leases of Hospital property. The District accounts for leases in accordance with GASBC Section L20, Leases. The District recognizes a lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The District will receive lease payments subject to the terms of the lease agreements. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Lease Receivables (continued)

The District uses the stated rate in the lease or its estimated incremental borrowing rate as the discount rate for the leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Inventories

Inventory, which consists primarily of pharmaceuticals and medical supplies, is stated at the lower of cost or net realizable value, determined using the first-in, first-out (FIFO) method. When evidence exists that the net realizable value of inventories is lower than its costs, the difference is recognized as a loss in the statement of revenues, expenses, and changes in net position in the period in which it occurs. The cost of such inventories is recorded as an expense when consumed rather than when purchased.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Capital Assets, net

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation and amortization of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. Property and equipment with initial individual costs of greater than \$5,000 are capitalized.

The following estimated useful lives are being used by the Organization:

Hospital building	15 - 40 years
Medical office building	15 - 40 years
Machinery and equipment	3 - 15 years
Land and leasehold improvements	2 - 15 years
Software	2 - 3 years
Right of use assets	2 - 5 years

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Capital assets, net (Continued)

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss, if any, is included in the statement of revenues, expenses and changes in net position.

Expenditures that materially increase values, change capacities, or extend useful lives of the respective assets are capitalized. Routine maintenance and repairs are charged to expense when incurred.

Long-Lived Asset Impairment

Long-lived assets are reviewed for impairment if circumstances suggest that there is a significant, unexpected decline in service utility of a long-lived asset. The service utility of a long-lived asset is the usable capacity that at acquisition was expected to be used to provide service. An assessment of recoverability is performed prior to any write-down of assets and an impairment charge is recorded on those assets for which the estimated fair value is below its carrying amount. Based on management's evaluations, no long-lived asset impairments were recognized during the years ended December 31, 2025 and 2024.

Lease Payable

The District is the lessee for two noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Lease Payable (Continued)

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and any lease extension options that the District is reasonably certain to exercise.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Hospital does not have any items that qualify for reporting as deferred outflows of resources.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Hospital has one item that qualifies for reporting as deferred inflows of resources – deferred inflows related to leases. The deferred inflows of resources related to leases are associated with amounts owed to the Hospital as lessor and will be recognized in lease revenue in future reporting periods.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Compensated Absences

Employees accumulate general purpose time at varying rates according to years of service. Employees are immediately vested in accrued general purpose time when earned. Upon termination, all unused paid time off hours are paid to the employee at the employee's current rate of pay. Employees are allowed to accrue general purpose time up to 280 hours.

The District's estimated accrual for compensated absences is included in accrued payroll on the accompanying statements of net position.

Costs of Borrowing

Interest cost incurred on borrowed funds before the end of a construction period of capital assets is recognized as an expense in the period in which the cost incurred for financial statements prepared using the economic resources measurement focus. Costs incurred in connection with the obtaining of financing, except for the insurance paid with debt proceeds, are expensed in the period in which the costs are incurred. Premiums or discounts incurred in connection with the issuance of bonds and indentures are amortized over the life of the obligations on the interest method, and the unamortized amount is included in the balance of the outstanding debt.

Categories and Classification of Net Position

Net position of the District is classified in three components, as follows:

Net investment in capital assets – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

Restricted net position – made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the District, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

Unrestricted net position – the remaining net position that does not meet the definitions of net investment in capital assets or restricted net position described above.

The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

Operating Revenue and Expenses

The District's statements of revenues, expenses and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the District's principal activity. Nonoperating revenues and expenses consist of revenues and expenses related to ad valorem tax revenue, capital grants, and financing and investing type activities and result from non-exchange transactions or investment income.

Net Patient Service Revenue

The District has agreements with third-party payers for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendering including estimated retroactive adjustments under reimbursement agreements with third-party payers. 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 or as years are no longer subject to such audits, reviews, and investigations.

The District believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potentially significant wrongdoing. However, compliance with such laws and regulations is subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid program, and in recent years there has been an increase in regulatory initiatives at the state and federal levels including the Recovery Audit Contractor (RAC) and Medicaid Integrity Contractor (MIC) programs, among others. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The RACs have authority to pursue 'improper' (in their judgment) payments with a three year look back from the date the claim was paid.

Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The District maintains records to identify and monitor the level of charity care it provides to all of its qualifying patients. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. As presented in Note 4, the District reduced its gross revenues for its cost of charity care. For the years ended December 31, 2025 and 2024, charity care totaled \$1,626,162 and \$807,545, respectively.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses (continued)

Cooperative Endeavor Agreement Revenues

The District formed collaborations with the State and several units of local governments in Louisiana to more fully fund the Medicaid program (the Program) and ensure the availability of quality healthcare services for the low income and needy population. These collaborations enable the governmental entities to increase support for the state Medicaid program. The District recognizes all funds received under the cooperative endeavor agreement as operating revenues in the period applicable to the receipt of the funds. Any amounts related to that year that are not received as of fiscal year-end are recorded as grants receivable.

Grants and Contributions

From time to time, the Organization 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 are reported as non-operating revenues.

Managed Care Incentive Payment (MCIP) Revenue

The District participates in the State's MCIP Program which provides incentive payments to healthcare entities for achieving quality reforms that increase access to health care, improve the quality care, and/or enhance the health of patients they serve. Incentive payments are received after the specified activities, targets, performance measures, or quality-based outcomes achieved by the healthcare entity. The revenue associated with MCIP incentive payments is recognized by the District as soon as the amounts are estimable. Any changes resulting from the change in estimate are recognized within operation in the period in which they occur.

Medicaid Directed Payment (MDP) Program

The District participates in the State's MDP Program, which provides continuing support to hospitals that provide services to Managed Medicaid patients through a percentage increase to each hospital's base Medicaid claims payments for hospital services to the Medicaid managed care population. The District records the revenues as soon as they are estimable with any true-ups recorded at the time of payment.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Estimates that are particularly susceptible to significant change in the near term are related to the determination of the allowances for uncollectible accounts and contractual adjustments and estimated third-party payer settlements. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

Risk Management

The Organization is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Hospital purchases medical malpractice under claims-made policies. Under these policies, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred.

Current Healthcare Environment

The Organization monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact the Hospital in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Healthcare Environment (continued)

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payor industry.

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on the District's financial position and operating results.

Income Taxes

As an essential government function of St. Bernard Parish, the District is generally exempt from federal and state income taxes under Section 115 of the IRC and a similar provision of state law.

The Foundation is exempt from taxes on income other than unrelated business income under section 501(c)(3) of the IRC.

The Hospital utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2025 and 2024, the Hospital has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 30, 2026, and determined that no events occurred that require inclusion in or disclosure to the financial statements. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Effective in Future Years

GASB Statement No. 103, *Financial Reporting Model Improvements*. This Statement was developed to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. In addition, this Statement addresses certain application issues. The requirements of this Statement became effective for fiscal years beginning after June 15, 2025, and there were no significant impacts of implementing this Statement.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to establish requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement became effective for fiscal years beginning after June 15, 2025, and there were no significant impacts of implementing this Statement.

GASB Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. The requirements of this Statement are effective for fiscal years beginning June 15, 2026, and all reporting periods thereafter. The Hospital is currently assessing this standard.

Note 3: CASH AND RESTRICTED CASH

Cash and Restricted Cash

At December 31, 2025 and 2024, the Organization had \$30,638,725 and \$11,898,859, respectively, in interest bearing demand deposits as follows:

December 31,	2025	2024
Cash	\$ 30,638,725	\$ 11,856,419
Restricted Cash	-	42,440
Total	\$ 30,638,725	\$ 11,898,859

These deposits are stated at cost, which approximates market.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 3: CASH AND RESTRICTED CASH (Continued)

Cash and Restricted Cash (Continued)

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure the Organization's deposits may not be returned to it. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent.

The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

The District's cash deposits included in cash on its statement of net position as of December 31, 2025 and 2024, were entirely covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

The Federal Deposit Insurance Corporation insures cash deposits up to \$250,000 per financial institution. At December 31, 2025 and 2024, respectively, the Foundation, a not-for-profit corporation, had cash deposits in excess of federally insured limits in the amounts of \$183 and \$177.

Concentration risk – As required under GASB statement 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3*, concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB 40 further defines an at-risk investment to be one that represents more than five percent (5%) of the fair value of the total investment portfolio and requires disclosure of such at-risk investments. GASB 40 specifically excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments from the disclosure requirement. At December 31, 2025 and 2024, the District had no investments requiring concentration of credit risk disclosure.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 4: PATIENT ACCOUNTS RECEIVABLE

The District is located in St. Bernard Parish in Louisiana. The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at December 31, 2025 and 2024 was:

	2025	2024
Medicare	\$ 5,122,928	\$ 3,951,280
Medicaid	2,988,021	3,286,654
Commercial and other third-party payers	5,531,980	7,417,347
Private Pay	2,743,881	2,495,597
Total patient accounts receivable	16,386,810	17,150,878
Less allowance for uncollectible account and contractual allowances	(13,073,185)	(13,526,351)
Patient account receivables, net	\$ 3,313,625	\$ 3,624,527

The mix of net accounts receivable due from patients and third-party payors as of December 31, 2025 and 2024 was as follows:

	2025	2024
Medicare	29.3%	31.2%
Medicaid	22.7%	17.1%
Commercial and other third-party payers	43.8%	40.2%
Private Pay	4.2%	11.5%
Total	100%	100%

Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates.

A summary of the payment arrangements with major third-party payers is as follows:

Medicare – The District is reimbursed under the Medicare Prospective Payment System for acute care inpatient services provided to Medicare beneficiaries and is paid a predetermined amount for these services based, for the most part, on the Diagnosis Related Group (DRG) assigned to the patient.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 4: PATIENT ACCOUNTS RECEIVABLE AND REVENUE (Continued)

Net Patient Service Revenue (Continued)

In addition, the District is paid prospectively for Medicare inpatient capital costs based on the federal specific rate. The District qualifies as a disproportionate share provider under the Medicare regulations. As such, the District receives an additional payment for Medicare inpatients served.

Except for Medicare disproportionate share reimbursement and Medicare bad debts, there is no retroactive settlement for inpatient costs under the Medicare inpatient prospective payment methodology.

Medicare outpatient services (excluding clinical lab and outpatient therapy) are reimbursed by the Outpatient Prospective Payment System (OPPS), which establishes a number of Ambulatory Payment Classifications (APC) for outpatient procedures in which the District is paid a predetermined amount per procedure. Medicare outpatient clinical lab services are reimbursed based upon the Medicare fee schedules.

Medicaid – The District is paid a prospective per diem rate for Medicaid inpatients. The per diem rate is based on a peer grouping methodology, which assigns a per diem rate to each hospital in the peer group. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. Medicaid outpatient clinical lab and Medicaid ambulatory surgery and outpatient therapy services are reimbursed based upon the Medicare fee schedules.

Retroactive cost settlements, based upon annual cost reports, are estimated for those programs subject to retroactive settlement and recorded in the financial statements. Final determination of retroactive cost settlements to be received under the Medicare and Medicaid regulations is subject to review by program representatives. The difference between a final settlement and an estimated settlement in any year is reported as an adjustment of net patient service revenue in the year the final settlement is made.

Revenue derived from the Medicare and Medicaid programs is subject to audit and adjustment by the fiscal intermediary and must be accepted by the United States Department of Health and Human Services (HHS) before settlement amounts become final. Annually, management evaluates the recorded estimated settlements and adjusts these balances based upon the results of the intermediary's audit of filed cost reports and additional information becoming available. Although the fiscal intermediary has not completed its audits (or reopened the review) of the estimated settlements for the years ended December 31, 2022 through 2025 for Medicare and for the years ended December 31, 2020 through 2025 for Medicaid, the District does not anticipate significant adverse adjustments to the recorded settlements for those years.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 4: PATIENT ACCOUNTS RECEIVABLE AND REVENUE (Continued)

Net Patient Service Revenue (Continued)

Other – The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

The mix of gross revenue from patient services provided under contracts with third-party payers for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Medicare	35.4%	34.3%
Medicaid	27.2%	31.0%
Commercial and other third-party payers	32.2%	29.4%
Private pay	5.2%	5.3%
Total	100%	100%

A summary of the District's net patient service revenue for the years ended December 31, 2025 and 2024 is as follows:

December 31,	2025	2024
Gross patient service revenue	\$ 180,327,148	\$ 176,403,045
Less discounts, allowance, and estimated contractual adjustments under third-party reimbursement programs	(131,862,835)	(130,960,209)
Less provision for bad debts	(4,753,502)	(4,971,896)
Charity Care	(1,626,162)	(807,545)
Net patient service revenue	\$ 42,084,649	\$ 39,663,395

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 5: CAPITAL ASSETS

Capital asset and right-of-use asset activity and balances for the year ended December 31, 2025 was as follows:

	Balance 1/1/2025	Additions/ Transfers in	Disposals/ Retirements/ Transfers out	Balance 12/31/2025
Land	\$ 5,690,000	\$ -	\$ -	\$ 5,690,000
Hospital building	44,409,835	269,003	(8,764)	44,670,074
Medical office building	11,066,147	-	-	11,066,147
Machinery and equipment	21,171,014	1,247,035	(3,242,277)	19,175,772
Land improvements	50,551	17,252	-	67,803
Software	92,505	-	-	92,505
Construction in progress	151,942	194,685	(346,627)	-
Right-of-use asset	1,063,324	-	(297,900)	765,424
Assets not in service	737,562	356,833	(1,019,198)	75,197
Total acquisition cost	84,432,880	2,084,808	(4,914,766)	81,602,922
Less accumulated depreciation:				
Hospital building	(13,747,677)	(1,178,361)	2,622	(14,923,416)
Medical office building	(3,178,058)	(284,268)	-	(3,462,326)
Machinery and equipment	(15,768,443)	(1,759,805)	3,237,373	(14,290,875)
Land improvements	-	(3,945)	-	(3,945)
Leasehold improvements	(32,113)	-	-	(32,113)
Software	(92,505)	-	-	(92,505)
Right-of-use asset	(622,625)	(139,168)	297,899	(463,894)
Total accumulated depreciation	(33,441,421)	(3,365,547)	3,537,894	(33,269,074)
Total capital assets and right-of-use assets, net	\$ 50,991,459	\$ (1,280,739)	\$ (1,376,872)	\$ 48,333,848

Hospital Service District of the Parish of St. Bernard, State of Louisiana
Notes to Financial Statements

Note 5: CAPITAL ASSETS (Continued)

Capital asset and right-of-use asset activity for the fiscal year ended December 31, 2024 was as follows:

	Balance 1/1/2024	Additions/ Transfers in	Disposals/ Retirements/ Transfers out	Balance 12/31/2024
Land	\$ 5,690,000	\$ -	\$ -	\$ 5,690,000
Hospital building	44,388,595	21,240	-	44,409,835
Medical office building	11,046,734	19,413	-	11,066,147
Machinery and equipment	20,560,488	1,127,755	(517,229)	21,171,014
Land improvements	50,551	-	-	50,551
Software	92,505	-	-	92,505
Construction in progress	21,310	130,632	-	151,942
Right-of-use asset	1,168,353	-	(105,029)	1,063,324
Assets not in service	36,192	701,370	-	737,562
Total acquisition cost	83,054,728	2,000,410	(622,258)	84,432,880
Less accumulated depreciation:				
Hospital building	(12,592,110)	(1,155,567)	-	(13,747,677)
Medical office building	(2,894,923)	(283,135)	-	(3,178,058)
Machinery and equipment	(14,922,802)	(1,362,785)	517,144	(15,768,443)
Land improvements	-	-	-	-
Leasehold improvements	(28,507)	(3,606)	-	(32,113)
Software	(77,136)	(15,369)	-	(92,505)
Right-of-use asset	(563,204)	(219,204)	159,783	(622,625)
Total accumulated depreciation	(31,078,682)	(3,039,666)	676,927	(33,441,421)
Total capital assets and right-of-use assets, net	\$ 51,976,046	\$ (1,039,256)	\$ 54,669	\$ 50,991,459

Depreciation and amortization expense for the years ended December 31, 2025 and 2024 was \$3,365,547 and \$3,039,667, respectively.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 6: LONG-TERM DEBT

On December 1, 2014, the District issued \$7,800,000 of Taxable Hospital Revenue Bonds, Series 2014 for the purpose of refunding and extending the District's Revenue Anticipation Note, Series 2013 and constructing, equipping, maintaining and operating hospital facilities. The certificates are secured by the irrevocable pledge and dedication of the fund to be derived from net revenues including the levy and collection of the ad valorem tax of 8 mills authorized at the November 2, 2010 election. The outstanding principal of the bonds was repaid in 10 annual installments ranging from \$620,000 to \$960,000 beginning December 1, 2015, with the final installment being paid on December 1, 2024. Interest was paid semi-annually on December 1 and June 1 at the rate of 4.90%.

Note 7: LEASES

Lease Receivables

The District has various office space leases with the Hospital's manager. Annual payments under the leases range from \$10,314 to \$139,970 and the leases expire at various dates through December 31, 2029. The risk-free borrowing rates for the leases range from 0.31% to 4.72%. For the years ended December 31, 2025 and 2024, the District recorded rental income of \$829,213 and \$786,493, respectively. Rental income with the Hospital's manager is included in total rental income stated in the preceding sentence.

Future minimum rent receipts are as follows:

<i>For the years ending December 31,</i>	Principal	Interest	Total
2026	\$ 747,493	\$ 106,498	\$ 853,991
2027	794,747	74,241	868,988
2028	740,631	41,796	782,427
2029	531,906	13,341	545,247
2030	101,838	1,105	102,943
Total	\$ 2,916,615	\$ 236,981	\$ 3,153,596

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 7: LEASES (Continued)

Lease Liabilities

As of December 31, 2025 and 2024, the balance of lease liability was \$318,645 and \$458,012, respectively. The Hospital is required to make monthly principal and interest payments totaling approximately \$12,693. The lease has an interest rate of 3.39%.

Lease liability activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
Lease obligation	\$ 458,012	\$ -	\$ (139,368)	\$ 318,645	\$ 143,766
Total lease liabilities	\$ 458,012	\$ -	\$ (139,368)	\$ 318,645	\$ 143,766

Lease liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
Lease obligation	\$ 597,654	\$ -	\$ (139,642)	\$ 458,012	\$ 138,980
Total lease liabilities	\$ 597,654	\$ -	\$ (139,642)	\$ 458,012	\$ 138,980

Minimum future lease payments under lease liability as of December 31, 2025 are as follows:

	Principal	Interest	Total
2026	\$ 143,766	\$ 8,149	\$ 151,915
2027	148,717	3,185	151,902
2028	26,162	39	26,201
Total	\$ 318,645	\$ 11,373	\$ 330,018

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 8: NET INVESTMENT IN CAPITAL ASSETS

The Hospital's net investment in capital assets, as presented on the accompanying statements of net position is calculated as follows:

December 31,	2025	2024
Capital assets, net	\$ 48,032,318	\$ 50,550,760
Right of use assets, net	301,530	440,699
Less debt related to capital assets:		
Lease payable	(318,645)	(458,012)
Net investment in capital assets	\$ 48,015,203	\$ 50,533,447

Note 9: LOUISIANA MEDICAID SUPPLEMENTAL PAYMENT PROGRAMS

Cooperative Endeavor Agreement

Since October 8, 2012, the District entered into a cooperative endeavor agreement with other hospitals to more fully fund the Medicaid program (the Program) and ensure the availability of quality healthcare services for the low income and needy population. These collaborations enable the governmental entities to increase support for the state Medicaid program. The District recognizes all funds received under the cooperative endeavor agreement as operating revenues in the period applicable to the receipt of the funds. Any amounts related to that year that are not received as of fiscal year-end are recorded as grants receivable and reflected in other current assets in the accompanying statements of net position. These receivables can be subject to adjustments that are reflected in the period they become known. The District did not recognize any net revenue related to this program during the years ended December 31, 2025 and 2024, respectively.

MDP Program

In 2022, the State of Louisiana (the State) initiated the MDP program, which allows the State to enter into contractual directed payment arrangements with MCOs. The State directs the MCOs to pay uniform percentage increases on top of providers' inpatient and outpatient base claims payments. Within 12 months after the end of the State's fiscal year, the State will perform a reconciliation calculation for each hospital, which will result in an additional payment or partial offset against the hospital's interim payments for the following State fiscal year. As a result, there is a possibility that recorded estimates will change by a material amount. For the years ended December 31, 2025 and 2024, the District recognized \$15,102,450 and \$14,344,289, respectively, of revenues related to the MDP program.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 9: LOUISIANA MEDICAID SUPPLEMENTAL PAYMENT PROGRAMS (Continued)

Low Income and Needy Care Collaboration Agreement (LINCCA)

In April of 2012, the District entered into a LINCCA with certain participating private hospitals primarily to improve access and provide low income and needy care services in the community it serves by the participating hospitals. The agreement was effective when the District became operational with an initial term through December 31, 2013 and may be renewed annually unless the other party provides notice to terminate.

As part of the District's continuing support of the State's Medicaid Program, the Organization has, throughout the period, made intergovernmental transfers (IGTs) amounts to the State restricted for use in support of the Medicaid Program.

For the years ended December 31, 2025 and 2024 the Organization expensed IGTs of \$34,750,000 and \$28,750,000, respectively. Amounts are included in the accompanying statements of revenues, expenses, and changes in net position in the caption IGT expense.

Managed Care Incentive Payment (MCIP) Program

As part of the State's MCIP Program, the Organization participated in the Quality and Outcome Improvement Network (QIN), the network formed to contract with hospitals wishing to participate in the MCIP program and implemented measures designed by the QIN to achieve incentive arrangements in exchange for incentive payments from QIN. The Organization recorded revenue of \$2,962,340 and \$3,438,601 for the years ended December 31, 2025 and 2024, respectively. Additionally, the Organization recorded receivables of \$2,200,000 and \$2,965,368 as of December 31, 2025 and 2024, respectively.

Note 10: 403(B) DEFERRED COMPENSATION PLAN

The Foundation sponsors a deferred compensation plan, which qualifies as a tax-sheltered annuity plan under Section 403(b) of the IRC. All new full-time employees are immediately eligible to join the defined contribution 403(b) plan, St. Bernard Parish Hospital Retirement Savings Plan (Plan) established on November 1, 2012. The Plan allows participants to make pre-tax contributions to the Plan and receive employer matching contributions up to 50% of the first 4%. The Foundation also contributes 2% of employees' eligible compensation regardless of participation. Contributions occur annually following the plan year." Employer contributions to the 403(b) plan totaled \$192,893 and \$143,610 for 2025 and 2024, respectively. To vest in the employer annual non-discretionary contribution, employees must complete at least 3 years of service for any employees hired before December 31, 2020. For any employee hired after December 31, 2020, vesting is based on a 6-year graded schedule.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 11: SPECIAL SERVICES MANAGEMENT AGREEMENT

On October 3, 2016, the District entered into an interim CEA with Ochsner to provide administrative services and operational support to the District to assist the hospital in providing health services for the St. Bernard Parish Community; the interim CEA was extended through June 30, 2017. Effective July 12, 2017, the District entered into a special services agreement (Agreement) with Ochsner for the purposes of managing, operating and administering the Hospital. This agreement has enabled the Hospital to enhance clinical service delivery while simultaneously improving resources, including operational efficiencies, and obtaining additional cost reductions through vendor purchase discounts on supplies.

Under the Agreement, the Organization is managed by St. Bernard Operational Management Company, LLC (SBOMC), a wholly owned subsidiary of Ochsner Health System. The Organization pays a management fee to SBOMC in exchange for management, staff, and other assistance to operate.

In addition to the management fee referred to above, the District provides other payments to SBOMC for supplies purchased, professional services provided outside of the management agreement, and other miscellaneous items received or services provided throughout the year.

During the year ended December 31, 2025, transactions between SBOMC and the Organization included: (1) purchases from SBOMC of supplies and services in accordance with the management agreement of approximately \$8,291,000; (2) accrual of management fees payable to SBOMC of approximately \$7,232,000 based upon the Organization's operations in accordance with the management agreement and (3) there were payments of approximately \$17,880,000 owed to SBOMC on amounts outstanding. The remaining amounts due to the Hospital Manager are included on the statements of net position as due to Hospital Manager.

During the year ended December 31, 2024, transactions between SBOMC and the Organization included: (1) purchases from SBOMC of supplies and services in accordance with the management agreement of approximately \$9,683,000; (2) accrual of management fees payable to SBOMC of approximately \$484,000 based upon the Organization's operations in accordance with the management agreement and (3) there were payments of approximately \$14,297,000 made to SBOMC on amounts outstanding. The remaining amounts due to the Hospital Manager are included on the statements of net position as due to Hospital Manager.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 12: COOPERATIVE ENDEAVOR AGREEMENTS

Parish of St. Bernard

On July 14, 2011, the Parish and the District entered into a CEA whereas the Parish committed federal and state pass-through funding to provide a public health unit equivalent (outpatient clinic) to that which existed prior to the devastation caused by Hurricane Katrina on August 29, 2005. The construction of the MOB was completed in January 2013 and the outpatient clinic occupies approximately 10,200 square feet of space within the medical office building.

St. Bernard Hospital Foundation

On August 23, 2011, the District and the Foundation entered into a Joint Venture CEA (Agreement) to engage in a joint venture to construct and operate a hospital facility and provide emergency and other essential and specialized hospital services to the citizens of St. Bernard Parish, State of Louisiana. This agreement was to facilitate the New Markets Tax Credit (NMTC) transaction. On this date, the District transferred all construction in progress associated with the hospital to the Foundation.

Using the proceeds of the NMTC Notes (Facility A and B), the Foundation substantially completed the construction of the hospital building, acquired essential equipment, materials and supplies necessary for beginning the operation of the hospital, and employed and contracted with all of the physicians, health professionals, administrative staff, employees and contractors required for the operation of the hospital. Under the terms of the Agreement, the District was obligated to make the land that the District owns, including all of the District's rights, privileges, appurtenances, and amenities, available to itself and the Foundation for the term of the Agreement, in order for the Foundation to complete construction of the hospital building, which was completed in July 2012.

Pursuant to the agreement, the District provides the administrative, professional and financial management of the business, policies, and operations of the hospital. There is also a revenue-sharing agreement which requires a waterfall payment of costs in the following order:

- 1) the Foundation's qualified low-income community investment (QLICI) note payments
- 2) operating expenses of the District and the Foundation jointly incurred
- 3) Hospital operating expenses
- 4) pro rata share of the debt service due on any obligations
- 5) contingency fund in the amount of \$200,000
- 6) necessary or desirable improvements
- 7) applicable percentage of interest in each

Additionally, the Foundation is responsible for the hospital building, equipment, maintenance and repair, contract and professional services related to construction, property insurance, payroll, and payroll taxes. The District is responsible for waste disposal, utilities, professional and malpractice insurance through the Louisiana Patient Compensation Fund, licenses and other provider agreements. This agreement will terminate on June 30, 2051, unless sooner terminated as permitted.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 12: COOPERATIVE ENDEAVOR AGREEMENTS (Continued)

St. Bernard Hospital Foundation (Continued)

Pursuant to the CEA, there are certain revenue and expense sharing provisions between the District and the Foundation which eliminate in consolidation in the accompanying financial statements.

Ochsner Health System

On October 3, 2016, the District entered into an interim CEA with Ochsner to provide administrative services and operational support to the District to assist the hospital in providing health services for the St. Bernard Parish Community. That interim CEA was extended through June 30, 2017. Effective July 12, 2017, the District entered into a Special Services Agreement with Ochsner for the purposes of managing, operating and administering the Hospital (see Note 11).

Note 13: RELATED PARTIES

The related party transactions between the Hospital and Hospital Manager are detailed in Note 11 and include expenses for supplies and professional services provided by the manager and the management fee. There was no compensation paid to board members for the years ended December 31, 2025 or 2024.

Note 14: COMMITMENTS

Meraux Foundation Commitment

On March 12, 2010, the Arlene and Joseph Meraux Charitable Foundation (Meraux) agreed to grant the District an access easement over, upon and across a parcel of land contiguous to the District property for the purpose of utility access, and vehicular and pedestrian ingress and egress to and from West Judge Perez Drive. The District was required to and completed the construction and installation of the curb cuts, pavement and other improvements to the servitude land, at no expense to Meraux. The District is required to carry and keep in force, at its own expense, comprehensive general liability insurance with companies licensed to do business in the State. On March 12, 2010, Meraux granted to the District temporary construction servitude over, upon and across the servitude land for the exclusive purpose of vehicular and pedestrian ingress and egress to and from West Judge Perez Drive. This servitude has not been accessed as of the date of this report.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 15: RISK MANAGEMENT AND REGULATORY MATTERS

The health care 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 health care program participation requirements, and reimbursement for patient services. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Organization 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.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the CMS to implement a so-called RAC program on a permanent and nationwide basis (as discussed in Note 2). The program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare reimbursement in an amount estimated to equal the overpayment.

A five-state pilot program concluded in March 2008, with a nationwide rollout of the RAC effort done in phases beginning in 2009. The experiences during the pilot found far more overpayments than underpayments.

Similarly, the CMS created new entities titled Audit MICs (as discussed in Note 2) in order to continue its efforts to ensure the highest integrity of its healthcare programs. The goal of the provider audits is to identify overpayments and to ultimately decrease the payment of inappropriate Medicaid claims. The MIC is to review claims submitted by all types of Medicaid providers, including all settings of care and types of services, with most audits taking place at staff headquarters and on occasion on-site at a provider's place of business. The District has not been the subject of any RAC or MIC audits during 2025 or 2024.

Litigation

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 15: RISK MANAGEMENT AND REGULATORY MATTERS (Continued)

Workers' Compensation

The Foundation purchased commercial insurance that provides coverage for workers' compensation claims up to \$1,000,000 per claim in excess of its self-insured limits. A liability is recorded when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities for claims incurred are re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic social factors. Due to the lack of incurred workers' compensation claims, reserves were not material to the financial statements as of December 31, 2025 and 2024 and were not accrued.

Medical Malpractice Insurance

The District participates in the State's Patient Compensation Fund (the Fund). The Fund provides for malpractice coverage to the District for claims in excess of \$100,000 and up to \$500,000 per claim. According to state law, medical malpractice liability (exclusive of future medical care awards and litigation expenses) is limited to \$500,000 per occurrence. There were no medical malpractice liabilities accrued as of December 31, 2025 and 2024.

The District purchased commercial insurance policies that provide coverage for medical malpractice. These policies included a professional liability claims made policy that provides coverage up to \$5,000,000 per occurrence and \$5,000,000 in the aggregate, a general liability policy that provides coverage up to \$5,000,000 per occurrence and in the aggregate, and an excess liability policy that provides coverage up to \$5,000,000 per occurrence and in the aggregate.

U.S. GAAP requires a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the District's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

In addition, other claims may be asserted arising from services provided to patients in the past. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance, if any. It is reasonably possible that this estimate could change materially in the near term.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 16: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION

The following table presents the condensed consolidating statements of net position information for the District and its blended component unit as of December 31, 2025:

	2025			
	Hospital Service District of the Parish of St. Bernard, State of Louisiana	St. Bernard Hospital Foundation, Inc.	Eliminations	Total
Current assets	\$ 42,592,708	\$ 1,509,224	\$ -	\$ 44,101,932
Other assets – non-current	117,992,083	-	(115,822,961)	2,169,122
Capital assets, net	13,348,392	34,683,926	-	48,032,318
ROU assets, net	301,530	-	-	301,530
Total assets	\$ 174,234,713	\$ 36,193,150	\$ (115,822,961)	\$ 94,604,902
Current liabilities	\$ 28,614,381	\$ 869,691	\$ -	\$ 29,484,072
Other liabilities – non-current	-	115,822,961	(115,822,961)	-
Long-term debt - less amounts due within one year	174,879	-	-	174,879
Deferred inflow resources	2,787,963	-	-	2,787,963
Net position	142,657,490	(80,499,502)	-	62,157,988
Total liabilities and net position	\$ 174,234,713	\$ 36,193,150	\$ (115,822,961)	\$ 94,604,902

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 16: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION (Continued)

The following table presents the condensed consolidating statements of net position information for the District and its blended component unit as of December 31, 2024:

	2024				
	Hospital Service District of the Parish of St. Bernard, State of Louisiana	St. Bernard Hospital Foundation, Inc.	Eliminations	Total	
Current assets	\$ 18,883,758	\$ 1,410,615	\$ -	\$	20,294,373
Other assets – non-current	98,088,895	-	(95,765,422)		2,323,473
Capital assets, net	13,643,265	36,907,495	-		50,550,760
ROU assets, net	440,699	-	-		440,699
Total assets	\$ 131,056,617	\$ 38,318,110	\$ (95,765,422)	\$	73,609,305
Current liabilities	\$ 8,034,746	\$ 1,107,098	\$ -	\$	9,141,844
Other liabilities – non-current	-	95,765,422	(95,765,422)		-
Long-term debt - less amounts due within one year	319,032	-	-		319,032
Deferred inflow of resources	2,909,590	-	-		2,909,590
Net position	119,793,249	(58,554,410)	-		61,238,839
Total liabilities and net position	\$ 131,056,617	\$ 38,318,110	\$ (95,765,422)	\$	73,609,305

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 16: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION (Continued)

The following table presents the condensed consolidating statement of revenues, expenses and changes in net position for the District and its blended component unit as of December 31, 2025:

	2025			
	Hospital Service District of the Parish of St. Bernard, State of Louisiana	St. Bernard Hospital Foundation, Inc.	Eliminations	Total
Operating Revenues	\$ 61,172,733	\$ 27,746,859	\$ (27,477,981)	\$ 61,441,611
Operating Expenses				
Salaries, wages, and benefits	-	11,315,104	-	11,315,104
General and administrative	28,780,646	6,018	(27,477,981)	1,308,683
IGT expense	-	34,750,000	-	34,750,000
Professional fees and purchased services	253,682	44,219	-	297,901
Medical supplies and services	7,313,716	-	-	7,313,716
Supplies	264,394	-	-	264,394
Building and equipment	1,467,732	10,250	-	1,477,982
Insurance	542,671	685,824	-	1,228,495
Depreciation and amortization	434,041	2,931,506	-	3,365,547
Total operating expenses	39,056,882	49,742,921	(27,477,981)	61,321,822
Net Income (Loss) From Operations	22,115,851	(21,996,062)	-	119,789
Non-Operating Revenues (Expenses)				
Ad valorem taxes	333	-	-	333
Interest income	867,849	37,294	-	905,143
Gain (loss) on disposal of property and equipment	-	13,676	-	13,676
Interest expense	(119,792)	-	-	(119,792)
Total non-operating revenues, net	748,390	50,970	-	799,360
Change in Net Position	22,864,241	(21,945,092)	-	919,149
Net Position, beginning of year	119,793,249	(58,554,410)	-	61,238,839
Net Position, end of year	\$ 142,657,490	\$ (80,499,502)	\$ -	\$ 62,157,988

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 16: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION (Continued)

The following table presents the condensed consolidating statement of revenues, expenses and changes in net position for the District and its blended component unit as of December 31, 2024:

	2024			
	Hospital Service District of the Parish of St. Bernard, State of Louisiana	St. Bernard Hospital Foundation, Inc.	Eliminations	Total
Operating Revenues	\$ 58,517,447	\$ 35,141,982	\$ (34,939,131)	\$ 58,720,298
Operating Expenses				
Salaries, wages, and benefits	8,265	10,905,145	-	10,913,410
General and administrative	40,686,139	-	(34,939,131)	5,747,008
IGT expense	-	28,750,000	-	28,750,000
Professional fees and purchased services	121,133	36,896	-	158,029
Medical supplies and services	6,921,645	-	-	6,921,645
Supplies	244,554	-	-	244,554
Building and equipment	1,150,876	1,070	-	1,151,946
Insurance	573,508	1,060,619	-	1,634,127
Depreciation and amortization	511,638	2,528,029	-	3,039,667
Total operating expenses	50,217,758	43,281,759	(34,939,131)	58,560,386
Net Income (Loss) From Operations	8,299,689	(8,139,777)	-	159,912
Non-Operating Revenues (Expenses)				
Ad valorem taxes	1,846	-	-	1,846
Interest income	541,001	54,527	-	595,528
Gain (loss) on disposal of property and equipment	(2,658)	4,748	-	2,090
Interest expense	(159,914)	-	-	(159,914)
Total non-operating revenues, net	380,275	59,275	-	439,550
Change in Net Position	8,679,964	(8,080,502)	-	599,462
Net Position, beginning of year	111,113,285	(50,473,908)	-	60,639,377
Net Position, end of year	\$ 119,793,249	\$ (58,554,410)	\$ -	\$ 61,238,839

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

Note 16: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION (Continued)

The following table presents the condensed consolidating statement of cash flows for the District and its blended component unit as of December 31, 2025:

	2025			
	Hospital Service District of the Parish of St. Bernard, State of Louisiana	St. Bernard Hospital Foundation, Inc.	Eliminations	Total
Net cash provided by (used in):				
Operating activities	\$ 17,762,935	\$ 842,833	\$ -	\$ 18,605,768
Noncapital financing activities	333	-	-	333
Capital and financing activities	(771,378)	-	-	(771,378)
Investing activities	1,641,844	(694,261)	-	947,583
Net change in cash	18,633,734	148,572	-	18,782,306
Cash and cash equivalents - beginning of year	10,625,515	1,230,904	-	11,856,419
Cash and cash equivalents - end of year	\$ 29,259,249	\$ 1,379,476	\$ -	\$ 30,638,725

Hospital Service District of the Parish of St. Bernard, State of Louisiana

Notes to Financial Statements

**Note 16: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION
(Continued)**

The following table presents the condensed consolidating statement of cash flows for the District and its blended component unit as of December 31, 2024:

	2024			
	Hospital Service District of the Parish of St. Bernard, State of Louisiana	St. Bernard Hospital Foundation, Inc.	Eliminations	Total
Net cash provided by (used in):				
Operating activities	\$ (3,673,490)	\$ 2,276,525		\$ (1,396,965)
Noncapital financing activities	1,846	-	-	1,846
Capital and financing activities	(1,094,512)	(1,980,997)	-	(3,075,509)
Investing activities	575,282	-	-	575,282
Net change in cash	(4,190,874)	295,528	-	(3,895,346)
Cash and cash equivalents - beginning of year	14,816,389	935,376	-	15,751,765
Cash and cash equivalents - end of year	\$ 10,625,515	\$ 1,230,904	\$ -	\$ 11,856,419

SUPPLEMENTARY INFORMATION

**Hospital Service District of the Parish of St. Bernard, State of Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2025**

Agency Head Names: Alanna Fast, Chief Executive Officer (Resigned effective 10/5/2025) and Kim Ellender, Chief Executive Officer (Started 10/13/2025)

Note: In 2017, St. Bernard Hospital Foundation, Inc. entered into a Special Services Management Agreement with St. Bernard Operational Management Company, LLC (Ochsner). The Agency Heads during 2025 were Alanna Fast, Chief Executive Officer, and Kim Ellender, Chief Executive Officer (collectively, Chief Executive Officers). Effective 10/5/2025, Alanna was no longer the Chief Executive Officer, and Kim Ellender took over as Chief Executive Officer on 10/13/2025. Kim is an employee of Ochsner. St. Bernard Hospital Foundation, Inc. did not make any payments to or on behalf of the Chief Executive Officers, individuals as the agency heads for the year ended December 31, 2025.



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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

To the Board of Commissioners of
Hospital Service District of the Parish of St. Bernard, State of Louisiana
Chalmette, 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 the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 30, 2026.

Report on Internal Control over Financial Reporting

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

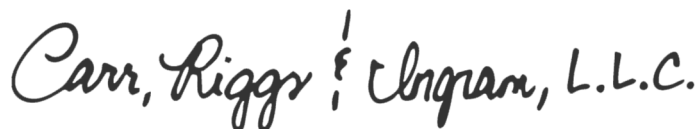
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

CARR, RIGGS & INGRAM, LLC
Metairie, Louisiana
June 30, 2026

St. Bernard Hospital Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Section II – Financial Statement Findings

There were no findings noted related to the financial statements for the year ended December 31, 2025.

There were no findings noted related to compliance and other matters for the year ended December 31, 2025.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the current year.

Section IV – Prior Findings and Questioned Costs for Federal Award Findings

There were no findings noted related to findings and questioned costs related to major federal award programs for the year ended December 31, 2024.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of
Hospital Service District of the Parish of St. Bernard, State of Louisiana
and the Louisiana Legislative Auditor
8000 West Judge Perez Drive
Chalmette, Louisiana 70043

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. The management for the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the Organization) is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtained the Organization's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Results: No exceptions were found as a result of applying the above procedure.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: No exceptions were found as a result of applying the above procedure.

- c) ***Disbursements***, including processing, reviewing, and approving.

Results: No exceptions were found as a result of applying the above procedure.

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: No exceptions were found as a result of applying the above procedure.

- e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Results: No exceptions were found as a result of applying the above procedure.

- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: No exceptions were found as a result of applying the above procedure.

- g) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were found as a result of applying the above procedure.

- h) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Results: Not applicable because the Organization does not have any credit cards.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Results: No exceptions were found as a result of applying the procedure.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: No exceptions were found as a result of applying the procedure.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: No exceptions were found as a result of applying the procedure.

- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions were found as a result of applying the procedure.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: No exceptions were found as a result of applying the procedure.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: No exceptions were found as a result of applying the procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund

Results: No exceptions were found as a result of applying the procedure.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were found as a result of applying the procedure.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Results: No exceptions were found as a result of applying the procedure.

- b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

Results: No exceptions were found as a result of applying the procedure.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of applying the procedure.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No exceptions were found as a result of applying the procedure.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

Results: No exceptions were found as a result of applying the procedure.

- b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Results: No exceptions were found as a result of applying the procedure.

- c) Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Results: No exceptions were found as a result of applying the procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions were found as a result of applying the procedure.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Results: No exceptions were found as a result of applying the procedure.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for "Bank Reconciliations" procedure #3 (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Results: No exceptions were found as a result of applying the procedure.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exceptions were found as a result of applying the procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were found as a result of applying the procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results: No exceptions were found as a result of applying the procedure.

- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the procedure.

Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions were found as a result of applying the procedure.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Results: No exceptions were found as a result of applying the procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

Results: No exceptions were found as a result of applying the procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Results: No exceptions were found as a result of applying the procedure.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions were found as a result of applying the procedure.

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: No exceptions were found as a result of applying the procedure.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.

Results: No exceptions were found as a result of applying the procedure.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9, as applicable.

Results: No exceptions were found as a result of applying the procedure.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

Results: No exceptions were found as a result of applying the procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: Not applicable because the Organization does not have any credit cards.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials of a Lawrason Act municipality, should not be reported);

Results: Not applicable because the Organization does not have any credit cards.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: Not applicable because the Organization does not have any credit cards.

14. Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: Not applicable because the Organization does not have any credit cards.

15. Using the list of terminated employees obtained in Payroll and Personnel procedure #20 identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

Results: Not applicable because the Organization does not have any credit cards.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

16. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov).

Results: Not applicable because the Organization did not have any travel and travel-related expense reimbursements during the fiscal year.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: Not applicable because the Organization did not have any travel and travel-related expense reimbursements during the fiscal year.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1h.

Results: Not applicable because the Organization did not have any travel and travel-related expense reimbursements during the fiscal year.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Not applicable because the Organization did not have any travel and travel-related expense reimbursements during the fiscal year.

Contracts

17. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as*

an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: No exceptions were found as a result of applying the procedure.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Results: No exceptions were found as a result of applying the procedure.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment, the documented approval); and

Results: No exceptions were found as a result of applying the procedure.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

Payroll and Personnel

- 18. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were found as a result of applying the procedure.

- 19. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #18 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Results: No exceptions were found as a result of applying the procedure.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

Results: No exceptions were found as a result of applying the procedure.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

Results: No exceptions were found as a result of applying the procedure.

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were found as a result of applying the procedure.

- 20. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: No exceptions were found as a result of applying the procedure.

- 21. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of applying the procedure.

Ethics

- 22. Using the 5 randomly selected employees/officials from procedure #17 above, obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

Results: Not applicable for the Organization because their employees are not subject to R.S. 42:1170.

- b) Observe that the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: Not applicable for the Organization because their employees are not subject to R.S. 42:1170.

- 23. Inquire and/or observe whether the agency has appointed an ethics designee as requires by R.S. 42:1170.

Results: Not applicable for the Organization because their employees are not subject to R.S. 42:1170.

Debt Service

24. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results: No exceptions were found as a result of applying the procedure.

25. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: No exceptions were found as a result of applying the procedure.

Fraud Notice

26. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results: No exceptions were found as a result of applying the procedure.

27. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of applying the procedure.

Information Technology Disaster Recovery/Business Continuity

28. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

Results: We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Results: We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

- d) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedure and discussed the results with management.

- e) Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #19, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- a. Hired before June 9, 2020 - completed the training; and
- b. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results: No exceptions were found as a result of applying the procedure.

Prevention of Sexual Harassment

- 29. Using the 5 randomly selected employees/officials from procedure #19 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results: No exceptions were found as a result of applying the procedure.

- 30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: No exceptions were found as a result of applying the procedure.

- 31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

Results: No exceptions were found as a result of applying the procedure.

- b) Number of sexual harassment complaints received by the agency;

Results: No exceptions were found as a result of applying the procedure.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

Results: No exceptions were found as a result of applying the procedure.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Results: No exceptions were found as a result of applying the procedure.

- e) Amount of time it took to resolve each complaint

Results: No exceptions were found as a result of applying the procedure.

We were engaged by the Organization's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
June 30, 2026