


Hospital Service District No. 1
A Component Unit of Iberia Parish,
State of Louisiana
(d/b/a Iberia Medical Center)

**Independent Auditor's Reports, Financial Statements,
and Supplementary Information**

September 30, 2025 and 2024



Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
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September 30, 2025 and 2024

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Independent Auditor's Report

Board of Commissioners
Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
New Iberia, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hospital Service District No. 1, a component unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (Medical Center), as of and for the years ended September 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Medical Center, as of September 30, 2025 and 2024, and the changes in financial position and its cash flows 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Medical Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Medical Center's ability to continue as a going concern for 12 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 opinion. 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 GAAS 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 GAAS 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 Medical Center'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 Medical Center'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 and pension information 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 GAAS, 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Medical Center's basic financial statements. The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and

other records used to prepare the basic financial statements. 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 GAAS. In our opinion, the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Chief Executive Officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Insurance Policies and the Schedule of Board Members but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2026 on our consideration of the Medical Center'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 Medical Center'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 Medical Center's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Dallas, Texas
February 26, 2026**

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Management's Discussion and Analysis (Unaudited)
Years Ended September 30, 2025 and 2024

Introduction

This management's discussion and analysis of the financial performance of Hospital Service District No. 1, a component unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (Medical Center), provides an overview of the Medical Center's financial activities for the years ended September 30, 2025 and 2024. It should be read in conjunction with the accompanying financial statements of the Medical Center. All numbers are approximate.

Financial Highlights

- Cash and cash held under bond trust indenture decreased by \$1,518,000, or 4%, in 2025 compared to 2024. Cash and cash held under bond trust indenture increased by \$6,584,000, or 21%, in 2024 compared to 2023.
- The Medical Center's net position increased by \$3,593,000, or 5%, in 2025 and increased \$8,971,000 or 14% in 2024.
- The Medical Center reported an operating income in 2025 of \$2,221,000. The 2025 operating income decreased by \$6,143,000 (73%) over the operating income of \$8,364,000 that the Medical Center reported in 2024. The 2024 operating income increased by \$11,176,000 (397%) over the operating loss of \$2,812,000 that the Medical Center reported in 2023.
- Net nonoperating revenues decreased \$462,000, or 76%, in 2025 compared to 2024 and decreased by \$5,016,00, or 89%, in 2024 compared to 2023.

Using This Annual Report

The Medical Center's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. These statements provide information about the activities of the Medical Center, including resources held by the Medical Center but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Medical Center is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about any Medical Center's finances is "Is the Medical Center as a whole better or worse off as a result of the year's activities?" The balance sheet and the statement of revenues, expenses, and changes in net position report information about the Medical Center's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, all liabilities, and all deferred inflows and outflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Medical Center's net position and changes in it. The Medical Center's total net position—the difference between assets, liabilities, and deferred inflows and outflows of resources—is one measure of the Medical Center's financial health or financial position. Over time, increases or decreases in the Medical Center's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Medical Center's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the overall financial health of the Medical Center.

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The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from three defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

The Medical Center's Net Position

The Medical Center's net position is the difference between its assets and deferred outflows of resources and liabilities and deferred inflows of resources reported in the balance sheet. The Medical Center's change in net position is shown in Table 1.

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Management's Discussion and Analysis (Unaudited)
Years Ended September 30, 2025 and 2024

Table 1: Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current Assets			
Cash and cash held under bond trust indenture	\$ 36,053,430	\$ 37,570,961	\$ 30,987,396
Patient accounts receivable, net	13,979,627	14,055,523	12,082,520
Other current assets	10,668,716	7,448,981	14,996,448
Capital assets, net	44,485,533	44,964,937	43,668,986
Lease assets, net	1,924,340	899,476	1,305,638
Net pension asset	4,948,995	-	-
Other noncurrent assets	1,467,727	1,007,877	1,756,838
Total Current Assets	113,528,368	105,947,755	104,797,826
Deferred Outflows of Resources	6,520,946	13,283,769	24,392,420
Total Assets and Deferred Outflows of Resources	<u>\$ 120,049,314</u>	<u>\$ 119,231,524</u>	<u>\$ 129,190,246</u>
LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND NET POSITION			
Long-term debt	\$ 22,590,000	\$ 24,295,000	\$ 26,300,000
Lease liabilities	1,967,421	736,674	1,306,117
Net pension liability	-	4,715,709	18,711,877
Other current and noncurrent liabilities	14,088,134	13,524,964	15,434,218
Total Liabilities	38,645,555	43,272,347	61,752,212
Deferred Inflows of Resources	5,361,689	3,509,881	3,959,292
Net Position			
Net investment in capital assets	21,954,098	20,622,947	19,150,452
Restricted expendable	3,992,168	4,120,233	4,524,401
Restricted for pension	4,948,995	-	-
Unrestricted	45,146,809	47,706,116	39,803,889
Total Net Position	76,042,070	72,449,296	63,478,742
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 120,049,314</u>	<u>\$ 119,231,524</u>	<u>\$ 129,190,246</u>

The most significant change in the Medical Center's financial position in 2025 resulted from the change in the net pension liability of \$4,716,000 at September 30, 2024 to a net pension asset of \$4,949,000 at September 30, 2025 for a total favorable change of \$9,665,000. Deferred outflows of resources related to the pension decreased by \$6,763,000 from September 30, 2024 to \$6,521,000 at September 30, 2025. These changes are due to favorable investment performance. The pension plan is discussed more fully in Note 10.

The most significant change in the Medical Center's financial position in 2024 is the decrease in the net pension liability from \$18,712,000 in 2023 to \$4,716,000 in 2024. Such change also resulted in a decrease in deferred

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Years Ended September 30, 2025 and 2024

outflows of resources of \$24,392,000 in 2023 to \$13,284,000 in 2024. The net change in deferred inflows and outflows of resources in 2024 was due to favorable return on the plan assets.

Table 2: Operating Results and Changes in Net Position

	2025	2024	2023
Operating Revenues			
Net patient service revenue	\$ 96,988,902	99,023,719	\$ 96,768,215
Other operating revenues	37,535,713	36,864,898	29,803,924
Total Operating Revenues	134,524,615	135,888,617	126,572,139
Operating Expenses			
Pension expense	4,170,038	2,098,239	8,206,461
Salaries, wages, and employee benefits	57,666,483	54,958,926	51,073,518
Total Salaries, Wages, and Employee Benefits	61,836,521	57,057,165	59,279,979
Supplies, professional fees, and purchased services	64,839,446	65,483,474	65,103,331
Depreciation and amortization	5,627,246	4,983,724	5,000,668
Total Operating Expenses	132,303,213	127,524,363	129,383,978
Operating Income (Loss)	2,221,402	8,364,254	(2,811,839)
Nonoperating Revenues (Expenses)			
Interest income	609,033	875,136	646,609
Interest expense	(977,710)	(961,213)	(913,244)
Income from investments in joint ventures	82,307	176,974	157,019
Gain from insurance proceeds, net of asset impairment	431,118	515,403	5,732,295
Total Nonoperating Revenues (Expenses)	144,748	606,300	5,622,679
Income Before Capital Grants and Gifts	2,366,150	8,970,554	2,810,840
Capital Grants and Gifts	1,226,624	-	-
Increase in Net Position	\$ 3,592,774	\$ 8,970,554	\$ 2,810,840

Operating Results

The first component of the overall change in the Medical Center's net position is its operating income (loss)—generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. The Medical Center reported an operating income in 2025 and 2024 and an operating loss in 2023. See below for the components that make up the operating results.

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In 2025, the Medical Center reported an operating income of \$2,221,000, a decrease of \$6,143,000 or 73% from 2024. The primary components of the decrease in operating income from 2024 to 2025 are:

- A decrease in net patient service revenue of \$2,035,000, or 2%
- An increase in salaries, wages, and employee benefits (including pension expense) of \$4,779,000, or 8%, due to higher wages

In 2024, the Medical Center reported operating income of \$8,364,000, an increase in income of \$11,176,000, or 398%, from 2023. The primary components of the improved operating results are as follows:

- An increase in net patient service revenue of \$2,256,000, or 2%
- An increase in other operating revenues of \$7,061,000, or 24%, primarily due to 340B program revenue
- A decrease in pension expense of \$6,108,000, or 74%, due to favorable performance of the plan assets compared to the actuarially projected amounts during the year. Further discussion about the pension balances are included in Note 10
- The remaining expenses associated with salaries, wages, and employee benefits increased by \$3,885,000, or 7.6%, in 2024 as compared to 2023 due to a reduction in contract labor as replaced by employed positions.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of interest income and interest expense, which were comparable in 2025 and 2024.

In December 2022, the Medical Center was hit by a tornado resulting in damage to the main campus and a medical office building. The Medical Center filed insurance claims to repair and restore such property resulting in recoveries of \$7,982,000. The Medical Center recognized an impairment in the main campus and medical office building of \$1,200,000 and incurred \$1,000,000 in costs to restore and repair the building in 2023 resulting in a net gain from insurance proceeds of \$5,732,000. In 2025 and 2024, the Medical Center received \$431,000 and \$515,000 of insurance proceeds, which is recorded as a net gain from insurance proceeds.

During 2025, the Medical Center received a capital grant for \$1,227,000 that is to be used for capital-related items. No grants or gifts for capital-related items were received in 2024 or 2023.

The Medical Center's Cash Flows

Changes in the Medical Center's cash flows are consistent with changes in operating income and nonoperating revenues and expenses for 2025 and 2024, discussed earlier.

Capital, Lease, and Subscription Assets

At September 30, 2025, the Medical Center had \$44,486,000 invested in capital assets, net of accumulated depreciation, \$1,924,000 of lease assets, net of accumulated amortization, and \$1,046,000 of subscription assets, net of accumulated amortization, as detailed in Note 4 to the financial statements. In 2025, the Medical Center purchased new capital assets costing \$4,040,000. During 2025, the Medical Center entered into new lease agreements for equipment of \$1,744,000 and entered into new subscription agreements for information technology assets of \$1,201,000.

At September 30, 2024, the Medical Center had \$44,965,000 invested in capital assets, net of accumulated depreciation, \$899,000 of lease assets, net of accumulated amortization, and \$310,000 of subscription assets, net of accumulated amortization, as detailed in Note 4 to the financial statements. In 2024, the Medical Center

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Years Ended September 30, 2025 and 2024**

purchased new capital assets costing \$5,493,000 and entered into new lease agreements for equipment assets of \$48,000. The Medical Center did not enter into new subscription agreements in 2024.

Long-Term Debt, Lease Liabilities, and Subscription Liabilities

At September 30, 2025, the Medical Center had \$22,590,000 in revenue bonds, \$1,967,000 in lease obligations, and \$952,00 in subscription liabilities outstanding. At September 30, 2024, the Medical Center had \$24,295,000 in revenue bonds, \$737,000 in lease obligations, and \$218,000 in subscription liabilities outstanding. Additional information on the Medical Center's long-term obligations is detailed in Note 5 to the financial statements. The Medical Center's formal debt issuances, revenue bonds, are subject to limitations imposed by state law.

Contacting the Medical Center's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Medical Center's finances and to show the Medical Center's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Medical Center Administration by telephoning 337.364.0441.

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
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Balance Sheets
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash	\$ 31,122,900	\$ 33,364,516
Cash held under bond trust indenture, current portion	2,789,491	2,789,491
Patient accounts receivable, net of allowance; 2025 – \$9,524,000, 2024 – \$9,822,000	13,979,627	14,055,523
Estimated amounts due from third-party payors	299,065	1,278,626
Leases receivable	212,767	366,777
Supplies	3,750,586	3,679,094
Prepaid expenses and other receivables	6,406,298	2,124,484
Total Current Assets	<u>58,560,734</u>	<u>57,658,511</u>
Noncurrent Cash		
Held by trustee for debt service	4,922,797	4,199,020
Held by trustee for capital acquisitions	7,733	7,425
	4,930,530	4,206,445
Less amount required to meet current obligations	<u>(2,789,491)</u>	<u>(2,789,491)</u>
Total Noncurrent Cash	<u>2,141,039</u>	<u>1,416,954</u>
Net Pension Asset	4,948,995	-
Capital Assets, Net	44,485,533	44,964,937
Lease Assets, Net	1,924,340	899,476
Leases Receivable, Net	209,949	423,786
Subscription Assets, Net	1,045,721	310,029
Investments in Joint Ventures	<u>212,057</u>	<u>274,062</u>
Total Assets	113,528,368	105,947,755
Deferred Outflows of Resources – Pension	<u>6,520,946</u>	<u>13,283,769</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 120,049,314</u>	<u>\$ 119,231,524</u>

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Balance Sheets
September 30, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Current maturities of long-term debt	\$ 1,775,000	\$ 1,705,000
Lease liabilities, current	611,802	411,841
Subscription liabilities, current	450,761	97,897
Accounts payable and accrued expenses	7,308,394	6,326,798
Accrued salaries, wages, and benefits	<u>5,827,932</u>	<u>6,980,470</u>
Total Current Liabilities	15,973,889	15,522,006
Lease Liabilities, Noncurrent	1,355,619	324,833
Subscription Liabilities	501,047	119,799
Net Pension Liability	-	4,715,709
Long-Term Debt	<u>20,815,000</u>	<u>22,590,000</u>
Total Liabilities	<u>38,645,555</u>	<u>43,272,347</u>
Deferred Inflows of Resources		
Pension	4,885,289	2,670,061
Leases	<u>476,400</u>	<u>839,820</u>
Total Deferred Inflows of Resources	<u>5,361,689</u>	<u>3,509,881</u>
Net Position		
Net investment in capital assets	21,954,098	20,622,947
Restricted expendable	3,992,168	4,120,233
Restricted for pension	4,948,995	-
Unrestricted	<u>45,146,809</u>	<u>47,706,116</u>
Total Net Position	<u>76,042,070</u>	<u>72,449,296</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 120,049,314</u>	<u>119,231,524</u>

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
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Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2025 – \$11,532,000, 2024 – \$11,345,000	\$ 96,988,902	\$ 99,023,719
Other	37,535,713	36,864,898
Total Operating Revenues	<u>134,524,615</u>	<u>135,888,617</u>
Operating Expenses		
Salaries and wages	51,564,725	49,651,342
Employee benefits	10,271,796	7,405,823
Purchased services and professional fees	23,077,124	26,310,409
Supplies and other	38,920,660	36,483,073
Insurance	2,841,662	2,689,992
Depreciation and amortization	5,627,246	4,983,724
Total Operating Expenses	<u>132,303,213</u>	<u>127,524,363</u>
Operating Income	<u>2,221,402</u>	<u>8,364,254</u>
Nonoperating Revenues (Expenses)		
Interest income	609,033	875,136
Interest expense	(977,710)	(961,213)
Income from investments in joint ventures	82,307	176,974
Gain from insurance proceeds, net of asset impairment	431,118	515,403
Total Nonoperating Revenues, Net	<u>144,748</u>	<u>606,300</u>
Income Before Capital Grants and Gifts	2,366,150	8,970,554
Capital Grants and Gifts	<u>1,226,624</u>	<u>-</u>
Increase in Net Position	3,592,774	8,970,554
Net Position, Beginning of Year	<u>72,449,296</u>	<u>63,478,742</u>
Net Position, End of Year	<u>\$ 76,042,070</u>	<u>\$ 72,449,296</u>

Hospital Service District No. 1
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Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	\$ 98,145,109	\$ 97,214,427
Payments to suppliers and contractors	(64,126,009)	(66,845,462)
Payments to employees	(63,675,712)	(59,247,810)
Other receipts, net	<u>33,405,592</u>	<u>42,843,475</u>
Net Cash Provided by Operating Activities	<u>3,748,980</u>	<u>13,964,630</u>
Cash Flows From Capital and Related Financing Activities		
Capital grants and gifts	1,226,624	-
Principal paid on long-term debt	(1,705,000)	(2,005,000)
Interest paid on long-term debt	(782,028)	(884,033)
Principal payments received on leases receivable	367,847	585,682
Interest payments received on leases receivable	22,172	38,129
Principal paid on leases payable	(512,835)	(617,852)
Interest paid on leases payable	(179,269)	(52,650)
Principal paid on subscription liability	(466,748)	(316,269)
Interest paid on subscription liability	(33,526)	(6,574)
Purchases of capital assets	(4,349,557)	(5,704,893)
Cash received from insurance recoveries for asset loss	<u>431,118</u>	<u>515,403</u>
Net Cash Used in Capital and Related Financing Activities	<u>(5,981,202)</u>	<u>(8,448,057)</u>
Cash Flows From Investing Activities		
Interest income	586,861	837,007
Distributions received from joint ventures	<u>127,830</u>	<u>229,985</u>
Net Cash Provided by Investing Activities	<u>714,691</u>	<u>1,066,992</u>
Increase (Decrease) in Cash	(1,517,531)	6,583,565
Cash, Beginning of Year	<u>37,570,961</u>	<u>30,987,396</u>
Cash, End of Year	<u>\$ 36,053,430</u>	<u>\$ 37,570,961</u>
Reconciliation of Cash to the Balance Sheets		
Cash	\$ 31,122,900	\$ 33,364,516
Cash held under bond indenture, current portion	2,789,491	2,789,491
Cash held under bond indenture, noncurrent portion	<u>2,141,039</u>	<u>1,416,954</u>
Total Cash	<u>\$ 36,053,430</u>	<u>\$ 37,570,961</u>

Hospital Service District No. 1
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Statements of Cash Flows
Years Ended September 30, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income	\$ 2,221,402	\$ 8,364,254
Depreciation and amortization	5,627,246	4,983,724
Amortization of deferred inflows and outflows related to net pension asset/liability	(1,613,987)	2,719,672
Provision for uncollectible accounts	11,531,558	11,344,773
Changes in operating assets and liabilities		
Patient accounts receivable, net	(11,455,662)	(13,317,776)
Estimated amounts due from third-party payors	979,561	180,033
Accounts payable and accrued expenses	155,721	(1,027,031)
Net pension asset/liability	(9,664,704)	(13,996,168)
Deferred outflows of resources – pension	9,192,125	9,683,227
Deferred inflows of resources – pension	1,399,913	(1,168,797)
Deferred inflows of resources – leases	(363,420)	(574,862)
Other assets and liabilities	(4,260,773)	6,773,581
Net Cash Provided by Operating Activities	<u>\$ 3,748,980</u>	<u>\$ 13,964,630</u>
Noncash Investing, Capital, and Financing Activities		
Capital asset additions in accounts payable	\$ -	\$ 309,550
Lease obligations incurred for lease assets	\$ 1,743,582	\$ 48,409
Subscription obligations incurred for subscription assets	\$ 1,200,860	\$ -

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
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Notes to Financial Statements
September 30, 2025 and 2024

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Hospital Service District No. 1, a component unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (Medical Center), is an acute care hospital located in New Iberia, Louisiana. The Medical Center is a component unit of Iberia Parish (Parish) and a political subdivision of the State of Louisiana. The Iberia Parish Government Board of Commissioners appoints seven members of a nine-member Board of Commissioners who operate the Medical Center. The additional two members of the Board of Commissioners are appointed by Iberia Medical Center's medical staff. The Medical Center primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in the Parish area.

The Medical Center opened its initial hospital operations in September 1960. In January 2016, the Medical Center purchased a second hospital building and additional medical office buildings to expand inpatient and outpatient surgical services, behavioral health services, inpatient and outpatient rehabilitation, imaging, laboratory, wound care, physical rehabilitation, and cardiac rehabilitation as well as other services to meet the healthcare needs of the Parish. The medical office buildings remained open after the purchase but the hospital building obtained licensure and commenced operations on April 27, 2016.

The Medical Center's financial statements include the operations of Iberia Medical Center Foundation (Foundation). The Foundation is a 501(c)(3) nonprofit health organization established in order to support the Medical Center and is reported as a blended component unit in the accompanying financial statements. The financial activity of the Foundation is not significant.

Basis of Accounting and Presentation

The accompanying financial statements of the Medical Center have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated, or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program-specific (such as investment income and interest on capital asset-related debt) are included in nonoperating revenues and expenses. The Medical Center first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The Medical Center 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; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

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The Medical Center is self-insured for a portion of its exposure to risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Investments in Joint Ventures

The Medical Center holds a 20% interest in New Iberia Surgery Center, which provides outpatient surgery services to the community. This investment is carried on the equity method of accounting. The investment in New Iberia Surgery Center totaled \$69,390 and \$144,854 as of September 30, 2025 and 2024, respectively, and is included in investments in joint ventures on the accompanying balance sheets.

The Medical Center originally holds a 40% ownership interest in Acadiana Diagnostic Imaging, LLC, which is a provider of imaging services. The investment in Acadiana Diagnostic Imaging, LLC totaled \$67,083 and \$85,459 as of September 30, 2025 and 2024, respectively, and is included in investments in joint ventures on the accompanying balance sheets.

The Medical Center has a 25% membership interest in Acadian Homecare of New Iberia, LLC. The investment balance totaled \$75,584 and \$27,268 as of September 30, 2025 and 2024, respectively.

Using the equity method of accounting, the Medical Center's share of net income (loss) in joint ventures is recognized as nonoperating revenue (expense) in the Medical Center's statements of revenues, expenses, and changes in net position and added to the investment account. The investment account is also reduced for any dividends received.

Patient Accounts Receivable

The Medical Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients, and others. The Medical Center provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

Supplies

Supply inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out method or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Medical Center:

Land improvements	15–25 years
Buildings and leasehold improvements	20–40 years
Equipment	3–20 years

Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment

The Medical Center evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss.

In December 2022, the Medical Center's main campus and medical office buildings were damaged by a tornado. Certain clinic operations were paused temporarily for the week following the tornado as clinic buildings received significant damage. The Medical Center received insurance recoveries of approximately \$431,000 and \$515,000 in 2025 and 2024, respectively, to repair the building.

Cost-Sharing Defined Benefit Pension Plan

The Medical Center participates in a cost-sharing multiple-employer defined benefit pension plan, the Parochial Employees' Retirement System of Louisiana (Plan). For purposes of measuring the net pension asset or liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Compensation Plan

The Medical Center offers a deferred compensation plan through Empower Retirement in accordance with Internal Revenue Code Section 457. The 457 Plan provides employees an option to make pre-tax contributions to their plan. The Medical Center does not have any financial contribution obligations regarding this 457 Plan.

Deferred Outflows of Resources

The Medical Center reports the consumption of net assets that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheet.

Deferred Inflows of Resources

The Medical Center reports an acquisition of net assets that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheet.

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Compensated Absences

The Medical Center's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. A liability is accrued for compensated absences as the benefits are earned if the leave is more likely than not to be used for time off or settled in cash.

Compensated absence liabilities are computed using the regular pay and termination pay rates, as applicable, in effect at the balance sheet date plus an additional amount for salary-related payments, such as Social Security and Medicare taxes, computed using rates in effect at that date.

Net Position

Net position of the Medical Center is classified in four components on its balance sheets:

- Net investment in capital assets consists of capital, lease, and subscription assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use, or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or donors external to the Medical Center, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Restricted for pensions represents assets restricted for providing contributions to the Plan, which provides pensions in accordance with the benefit terms of the plan.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The Medical Center provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

Income Taxes

As an essential government function of the Parish, the Medical Center is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. The Foundation has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and similar provision of state law. However, the Medical Center and the Foundation are subject to federal income tax on any unrelated business taxable income.

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Note 2. Deposits

Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The Medical Center's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or other qualified investments in the state of Louisiana. At September 30, 2025 and 2024, the Medical Center's deposits were either insured or collateralized in accordance with state law.

Note 3. Patient Accounts Receivable

The Medical Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable consisted of the following at September 30:

	<u>2025</u>	<u>2024</u>
Medicare	\$ 6,741,618	\$ 6,758,417
Medicaid	1,880,561	1,605,321
Other third-party payors	5,584,627	5,612,843
Patients	<u>9,297,261</u>	<u>9,901,365</u>
	23,504,067	23,877,946
Less allowance for uncollectible accounts	<u>9,524,440</u>	<u>9,822,423</u>
	<u>\$ 13,979,627</u>	<u>\$ 14,055,523</u>

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Note 4. Capital, Lease, and Subscription Assets

Capital assets activity was as follows for the years ended September 30:

	2025				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 1,931,825	\$ 16,320	\$ -	\$ -	\$ 1,948,145
Land improvements	435,272	-	-	-	435,272
Buildings and leasehold improvements	62,376,760	133,154	-	16,250	62,526,164
Equipment	51,893,668	702,097	(15,000)	6,734,874	59,315,639
Construction in progress	3,969,814	3,188,436	-	(6,833,157)	325,093
	120,607,339	4,040,007	(15,000)	(82,033)	124,550,313
Less accumulated depreciation	(75,642,402)	(4,426,878)	4,500	-	(80,064,780)
Capital assets, net	<u>\$ 44,964,937</u>	<u>\$ (386,871)</u>	<u>\$ (10,500)</u>	<u>\$ (82,033)</u>	<u>\$ 44,485,533</u>
	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 1,896,704	\$ 35,121	\$ -	\$ -	\$ 1,931,825
Land improvements	435,272	-	-	-	435,272
Buildings and leasehold improvements	61,528,294	21,000	-	827,466	62,376,760
Equipment	48,915,371	1,567,975	(9,750)	1,420,072	51,893,668
Construction in progress	2,348,224	3,869,128	-	(2,247,538)	3,969,814
	115,123,865	5,493,224	(9,750)	-	120,607,339
Less accumulated depreciation	(71,454,879)	(4,197,273)	9,750	-	(75,642,402)
Capital assets, net	<u>\$ 43,668,986</u>	<u>\$ 1,295,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,964,937</u>

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Lease assets activity was as follows for the years ended September 30:

	2025				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Equipment	\$ 2,849,226	\$ 1,743,582	\$ -	\$ -	\$ 4,592,808
Less accumulated amortization	(1,949,750)	(718,718)	-	-	(2,668,468)
Lease assets, net	<u>\$ 899,476</u>	<u>\$ 1,024,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,924,340</u>
	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Equipment	\$ 2,893,252	\$ 48,409	\$ (92,435)	\$ -	\$ 2,849,226
Less accumulated amortization	(1,587,614)	(454,571)	92,435	-	(1,949,750)
Lease assets, net	<u>\$ 1,305,638</u>	<u>\$ (406,162)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 899,476</u>

Subscription assets activity was as follows for the years ended September 30:

	2025				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription IT assets	\$ 1,313,855	\$ 1,200,860	\$ (551,571)	\$ -	\$ 1,963,144
Less accumulated amortization	(1,003,826)	(465,168)	551,571	-	(917,423)
Subscription assets, net	<u>\$ 310,029</u>	<u>\$ 735,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,045,721</u>
	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription IT assets	\$ 1,313,855	\$ -	\$ -	\$ -	\$ 1,313,855
Less accumulated amortization	(674,433)	(329,393)	-	-	(1,003,826)
Subscription assets, net	<u>\$ 639,422</u>	<u>\$ (329,393)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,029</u>

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September 30, 2025 and 2024

Note 5. Long-Term Obligations

The following is a summary of long-term obligation transactions for the Medical Center for the years ended September 30:

	2025				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Revenue bonds payable	\$ 24,295,000	\$ -	\$ 1,705,000	\$ 22,590,000	\$ 1,775,000
Other long-term liabilities					
Lease liabilities	736,674	1,743,582	512,835	1,967,421	611,802
Subscription liabilities	217,696	1,200,860	466,748	951,808	450,761
Total other long-term liabilities	954,370	2,944,442	979,583	2,919,229	1,062,563
Total long-term obligations	<u>\$ 25,249,370</u>	<u>\$ 2,944,442</u>	<u>\$ 2,684,583</u>	<u>\$ 25,509,229</u>	<u>\$ 2,837,563</u>
	2024				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Revenue bonds payable	\$ 26,300,000	\$ -	\$ 2,005,000	\$ 24,295,000	\$ 1,705,000
Other long-term liabilities					
Lease liabilities	1,306,117	48,409	617,852	736,674	411,841
Subscription liabilities	533,965	-	316,269	217,696	97,897
Total other long-term liabilities	1,840,082	48,409	934,121	954,370	509,738
Total long-term obligations	<u>\$ 28,140,082</u>	<u>\$ 48,409</u>	<u>\$ 2,939,121</u>	<u>\$ 25,249,370</u>	<u>\$ 2,214,738</u>

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Revenue Bonds Payable

Revenue bonds payable consist of the various series of the Iberia Parish, State of Louisiana Hospital Revenue Bonds, as shown below:

Bond Series	Original Issue Amount	Interest Rate	Final Maturity	Balance September 30, 2025	Balance September 30, 2024
Series 2015A	\$ 6,000,000	2.75%	November 2025	\$ 340,000	\$ 670,000
Series 2015C	\$ 5,215,000	4.75%	November 2035	4,390,000	4,685,000
Series 2019	\$ 11,000,000	3.15%	November 2034	9,920,000	10,700,000
Series 2022	\$ 8,350,000	3.20%	November 2035	7,940,000	8,240,000
				<u>\$ 22,590,000</u>	<u>\$ 24,295,000</u>

During fiscal year 2016, the Medical Center issued the Series 2015A Tax-Exempt Hospital Revenue Bonds of \$6,000,000, Series 2015B Tax-Exempt Hospital Revenue Bonds of \$5,180,000, and Series 2015C Taxable Hospital Revenue Bonds of \$5,215,000 for the purpose of making improvements, extensions, additions, renewals, replacements, or repairs to the Medical Center. In 2022, all of the outstanding Series 2015B Bonds and \$3,510,000 of the Series 2015A Bonds were refinanced with the Series 2022 Bonds.

The remaining Series 2015A Bonds, after the 2022 bond refinancing, are payable in annual installments ranging from \$255,000 to \$340,000 through November 2025. The Series 2015C Bonds are payable in annual installments ranging from \$75,000 to \$500,000 through November 2035.

During 2019, the Medical Center issued Series 2019 Tax-Exempt Hospital Revenue Bonds of \$11,000,000 for the purpose of making purchases of capital equipment, improvements, extensions, additions, renewals, replacements, or repairs to the Medical Center. The Series 2019 Bonds are payable in annual installments ranging from \$100,000 to \$1,170,000 through November 2034.

During 2022, the Medical Center refinanced all of the outstanding Series 2015B tax-exempt Hospital Revenue Bonds and a portion of the Series 2015A Bonds with the Series 2022 Bonds totaling \$8,350,000. The Series 2022 Bonds are payable in annual installments ranging from \$60,000 to \$875,000 through November 2035.

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The revenue bonds payable requirements are as follows as of September 30, 2025:

<u>Year Ending September 30,</u>	<u>Total to Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 2,547,889	\$ 1,775,000	\$ 772,889
2027	2,666,081	1,945,000	721,081
2028	2,659,719	1,995,000	664,719
2029	2,586,964	2,055,000	531,964
2030	2,582,513	2,120,000	462,513
2031–2035	12,932,465	11,780,000	1,152,465
2036	937,245	920,000	17,245
	<u>\$ 26,912,876</u>	<u>\$ 22,590,000</u>	<u>\$ 4,322,876</u>

Lease Liabilities

The Medical Center leases medical and office equipment, the terms of which expire in various years through 2030. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance. Variable payments are not significant for the years ended September 30, 2025 and 2024.

The following is a schedule by year of payments under the leases as of September 30, 2025:

<u>Year Ending September 30,</u>	<u>Total to Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 725,399	\$ 611,802	\$ 113,597
2027	611,731	534,130	77,601
2028	493,038	450,467	42,571
2029	309,146	293,187	15,959
2030	79,028	77,835	1,193
	<u>\$ 2,139,314</u>	<u>\$ 1,967,421</u>	<u>\$ 250,921</u>

Subscription Liabilities

The Medical Center has various SBITAs, the terms of which expire in various years through 2030. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. The Medical Center did not recognize any material subscription expense for variable payments not previously included in the measurement of the subscription liability during the years ended September 30, 2025 and 2024.

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The following is a schedule by year of payments under the SBITA agreements as of September 30, 2025:

<u>Year Ending September 30,</u>	<u>Total to Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 481,657	\$ 450,761	\$ 30,896
2027	415,353	403,034	12,319
2028	50,638	47,538	3,100
2029	48,908	48,011	897
2030	2,474	2,464	10
	<u>\$ 999,030</u>	<u>\$ 951,808</u>	<u>\$ 47,222</u>

Note 6. Medical Malpractice Claims

The Medical Center has joined together with other providers of healthcare services to form the Louisiana Hospital Association Medical Malpractice and General Liability Trust Fund, a risk pool (Pool) currently operating as a common risk management and insurance program for its members. The Medical Center purchases medical malpractice insurance from the Pool under a claims-made policy. The Medical Center pays an annual premium to the Pool for its torts insurance coverage. The Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of stop-loss amounts.

Accounting principles generally accepted in the United States of America require a healthcare 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 Medical Center's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Note 7. Employee Health Claims

Substantially all of the Medical Center's employees and their dependents are eligible to participate in the Medical Center's employee health insurance plan. The Medical Center is self-insured for health claims of participating employees and dependents up to an annual stop-loss limit of \$100,000 per employee. Commercial stop-loss insurance coverage is purchased for claims in excess of this amount. A provision is accrued for self-insured employee health claims, including both claims reported, and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the Medical Center's estimate will change by a material amount in the near term.

Activity in the Medical Center's accrued employee health claims liability and the reserve balance at September 30, 2025 and 2024 were not significant.

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Note 8. Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Medical Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare administrative contractor.

Medicaid. Inpatient services rendered to Medicaid program beneficiaries are paid based on prospectively determined rates. Outpatient services are paid under either a cost reimbursement methodology or using defined allowable charges. The Medical Center is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid administrative contractor.

Other. Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Approximately 46% and 48% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended September 30, 2025 and 2024, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Note 9. Supplemental Funding Programs

Louisiana Medicaid Enhanced Rates

The Medical Center receives Medicaid payments to provide an opportunity for the Medical Center to receive rates from Medicaid managed care organizations that approximate, based on available data, the rates that the Medical Center receives for Medicaid fee-for-service patients. During the years ended September 30, 2025 and 2024, total revenues, net of expenses, recognized by the Medical Center to increase Medicaid managed care payments totaled approximately \$6,735,000 and \$5,475,000, respectively. These net receipts are recorded as other operating revenues in the accompanying statements of revenues, expenses, and changes in net position.

Louisiana Supplemental Payment Programs

The Medical Center also ensures the availability of quality healthcare services for the low-income and needy population by making additional transfers to support the Medicaid program. For the years ended September 30, 2025 and 2024, the Medical Center incurred approximately \$4,251,000 and \$10,000,000, respectively, in costs, which are included in purchased services and professional fees in the accompanying statements of revenues, expenses, and changes in net position.

Cooperative Endeavor Agreement Program

The Medical Center is party to a cooperative endeavor agreement with other governmental healthcare providers for the purpose of ensuring adequate healthcare services are available for underserved, non-rural populations. The Medical Center receives revenues regarding these services. During the years ended September 30, 2025 and 2024,

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total revenues recognized by the Medical Center related to this agreement totaled approximately \$21,358,000 and \$17,412,000, respectively. These receipts are recorded as other operating revenues in the accompanying statements of revenues, expenses, and changes in net position.

Quality and Outcome Improvement Network

The Medical Center participates in the Quality and Outcome Improvement Network, Inc. (QIN), which works with hospitals in the state and the Healthy Louisiana Medicaid managed care organizations to improve the availability and quality of care to high-risk Medicaid populations in Louisiana in exchange for supplemental payments for meeting certain quality metrics. Amounts received associated with the Medical Center's participation in QIN during the years ended September 30, 2025 and 2024 totaled approximately \$4,884,000 and \$3,625,000, respectively, which is recorded as other operating revenues in the accompanying statements of revenues, expenses, and changes in net position.

At September 30, 2025 and 2024, outstanding receivables related to these programs discussed above were approximately \$3,560,000 and \$908,000, respectively, which are recorded in prepaid expenses and other receivables in the accompanying balance sheets. Laws and regulations governing the above programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Note 10. Pension Plan

Plan Description

The Medical Center contributes to the Parochial Employees' Retirement System (PERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the state of Louisiana (State). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is comprised of two distinct plans—Plan A and Plan B—with separate assets and benefit provisions. Employees of the Medical Center are members of Plan A. Benefit provisions are established by state law and may be amended only by the State Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS that can be obtained at <http://www.persla.org/>.

Benefits Provided

The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Retirement benefits for employees are calculated as 3% of the plan member's final average compensation multiplied by their years of service. Death benefits are equal to 100% of benefits if member is eligible for normal retirement or 60% of compensation if not eligible for normal retirement. Disability retirement benefits are calculated to be equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by their years of service, not to be less than 15, or 3% multiplied by years of service assuming continued service to age 60.

For plan members hired prior to January 1, 2007, a member may obtain retirement benefits if any of the following are reached: (a) any age with 30 or more years of creditable service, (b) age 55 with 25 years of creditable service, (c) age 60 with minimum of 10 years of creditable service, (d) age 65 with a minimum of 7 years of creditable service.

For plan members hired after January 1, 2007, a member may obtain retirement benefits if any of the following are reached: (a) age 55 with 30 or more years of service, (b) age 62 with 10 years of service, (c) age 67 with 7 years of service.

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The terms of the plan provide for annual cost-of-living allowance for the retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the plan may provide an additional cost-of-living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the plan may provide a cost-of-living increase up to 2.5% for retirees 62 and older. Lastly, Act 270 provided for further reduced actuarial payments to provide an annual 2.5% cost-of-living adjustment commencing at age 55.

Contributions

State statute has the authority to establish and amend the contribution requirements of the Medical Center and active employees. According to state statute, the plan also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective Parishes, except for Orleans and East Baton Rouge Parishes. The plan also receives revenue-sharing funds each year as appropriated by the State Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. At September 30, 2025 and 2024, employees were required to contribute 9.5% of their annual pay. At September 30, 2025 and 2024, the Medical Center was required to contribute 11.5% of annual pay.

The employer contribution is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the years ended September 30, 2025 and 2024, contributions to the plan from the Medical Center were approximately \$4,403,000 and \$4,343,000, respectively. The State also made on-behalf contributions to the plan, of which approximately \$514,000 and \$490,000 was recognized by the Medical Center for the years ended September 30, 2025 and 2024, respectively; these on-behalf payments did not meet the criteria of a special funding situation.

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Medical Center reported a net pension asset of \$4,948,995 and a net pension liability of \$4,715,709 at September 30, 2025 and 2024, respectively, for its proportionate share of the net pension (asset)/liability. The net pension (asset)/liability was measured as of December 31, 2024 and 2023, respectively, and the total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of December 31, 2024 and 2023, respectively. The Medical Center's proportion of the net pension (asset)/liability was based on the Medical Center's actual contributions to the plan during the measurement period as compared to the total of all employers' contributions to the plan during the measurement period.

At December 31, 2024, the Medical Center's proportion of the net pension asset was 4.92%, which was a decrease of 0.03% from its proportion measured as of December 31, 2023. At December 31, 2023, the Medical Center's proportion was 4.95%, which was an increase of 0.09% from its proportion measured as of December 31, 2023.

During the 2015 Regular Session of the Louisiana Legislature, Act 370 was approved to allow the plan to provide a cost-of-living increase from the balance in the system's funding deposit account.

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For the years ended September 30, 2025 and 2024, the Medical Center recognized pension expense of \$4,170,038 and \$2,098,239, respectively. This expense is included in employee benefits in the accompanying statements of revenues, expenses, and changes in net position. The Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at September 30:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,020,146	\$ 430,203
Changes of assumptions	52,915	1,182,248
Net difference between projected and actual earnings on pension plan investments	-	3,258,904
Changes in proportion	13,050	13,934
Medical Center's contributions subsequent to the measurement date	3,434,835	-
Total	\$ 6,520,946	\$ 4,885,289

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,233,033	\$ 1,265,790
Changes of assumptions	-	1,379,125
Net difference between projected and actual earnings on pension plan investments	7,600,050	-
Changes in proportion	83,661	25,146
Medical Center's contributions subsequent to the measurement date	3,367,025	-
Total	\$ 13,283,769	\$ 2,670,061

At September 30, 2025 and 2024, the Medical Center reported approximately \$3,435,000 and \$3,367,000, respectively, as deferred outflows of resources related to pensions resulting from the Medical Center's contributions made subsequent to the measurement date that will be recognized as an increase in the net pension asset or a decrease in the net pension liability in the years ended September 30, 2026 and 2025, respectively. Other amounts

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reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows at September 30, 2025:

2026	\$ 1,830,241
2027	4,416,649
2028	(5,013,911)
2029	<u>(3,032,157)</u>
	<u>\$ (1,799,178)</u>

Actuarial Assumptions

The total pension liability actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

December 31, 2024 and 2023

Inflation	2.30%
Salary increases	4.75% including inflation
Investment rate of return	6.40% net of pension plan investment expense
Mortality rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2021 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality for General Employees multiplied by 130% for males and 125% for females using MP2021 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2021 scale for disabled annuitants.

The actuarial assumptions used in the December 31, 2024 and 2023 valuations were based on the results of actuarial experience studies for the period of January 1, 2018 through December 31, 2022.

Long-Term Expected Rate of Return

The long-term expected rate of return used in the December 31, 2024 and 2023 valuations on pension plan investments was determined using a triangulation method, which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best estimates of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.40% and 2.10% at December 31, 2024 and 2023, respectively) and an adjustment for the effect of rebalancing/diversification.

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>2024</u>	<u>2023</u>
		<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	37%	1.08%	1.12%
Equity	47%	2.82%	3.20%
Alternatives	15%	0.76%	0.67%
Real assets	1%	0.07%	0.11%
	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability was 6.40% for both years ended December 31, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The Medical Center's proportionate share of the net pension asset at September 30, 2025 has been calculated using a discount rate of 6.40%. The following presents the Medical Center's proportionate share of the net pension (asset) liability calculated using a discount rate 1% higher and 1% lower than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>5.40%</u>	<u>6.40%</u>	<u>7.40%</u>
Medical Center's proportionate share of net pension (asset) liability	\$ 25,256,312	\$ (4,948,995)	\$ (30,302,835)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued PERS' financial report.

Payable to the Pension Plan

At September 30, 2025 and 2024, the Medical Center reported a payable of approximately \$464,000 and \$1,459,000, respectively, for the outstanding amount of the Medical Center's contributions to the plan required for the years ended September 30, 2025 and 2024, which are included in accrued salaries, wages, and benefits on the accompanying balance sheets.

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Notes to Financial Statements
September 30, 2025 and 2024

Note 11. Litigation

In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Medical Center's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Medical Center 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.

Note 12. One Big Beautiful Bill Act

On July 3, 2025, the U.S. Congress enacted the *One Big Beautiful Bill Act* (OBBBA), a comprehensive budget reconciliation law introducing significant changes to federal healthcare programs, tax policy, and energy-related incentives. The legislation includes substantial reductions in Medicaid funding, modifications to provider tax structures, and new eligibility and cost-sharing requirements for Medicaid beneficiaries. The OBBBA has not had a material impact on the financial results to date as many aspects of the legislation are effective for future periods.

Note 13. Future Change in Accounting Principle – GASB Statement No. 103

Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*, improves the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity in practice and improve comparability. Impacted areas include management's discussion and analysis, unusual or infrequent items, the definitions and presentation of operating and nonoperating revenues and expenses, the proprietary fund statements, and presentation of major component units. While GASB 103 does not impact the timing of recognition and measurement of revenue, it could affect the presentation and geographical location of certain healthcare specific revenues within the financial statements. The requirements of this statement are effective for the Medical Center's fiscal year ending September 30, 2026 and all reporting periods thereafter. Changes are required to be made retroactively to the earliest period presented.

Required Supplementary Information

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
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Schedule of Changes in the Medical Center's Net Pension Liability (Asset)
Last 10 Fiscal Years (Unaudited)

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Medical Center's proportion of net pension liability (asset)	4.921298%	4.949722%	4.861755%	4.824887%	4.621149%	4.852052%	4.711360%	4.348857%	4.283340%	3.723066%
Medical Center's proportionate share of the net pension liability (asset)	\$ (4,948,995)	\$ 4,715,709	\$ 18,711,877	\$ (22,727,312)	\$ (8,102,788)	\$ 228,408	\$ 20,910,706	\$ (3,227,924)	\$ 8,821,596	\$ 9,800,182
Medical Center's covered-employee payroll	\$ 38,096,625	\$ 35,893,767	\$ 32,990,343	\$ 32,390,406	\$ 30,826,378	\$ 30,733,343	\$ 28,948,106	\$ 28,273,034	\$ 25,363,474	\$ 21,333,750
Medical Center's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-13.0%	13.1%	56.7%	-70.2%	-26.3%	0.7%	72.2%	-11.4%	34.8%	45.9%
Plan fiduciary net position as a percentage of the total net pension liability	101.97%	98.03%	91.74%	110.46%	104.00%	99.89%	88.86%	101.98%	94.15%	92.23%

Changes of Assumptions

December 31, 2024

There were no changes of assumptions since measurement date December 31, 2023.

December 31, 2023

1. Mortality table updated based on January 1, 2018 through December 31, 2022 experience study performed on plan data

December 31, 2022 and 2021

There were no changes of assumptions since measurement date December 31, 2020.

December 31, 2020

1. Discount rate reduced to 6.40%
2. Inflation rate decreased to 2.30%

December 31, 2019

There were no changes of assumptions since measurement date December 31, 2018.

December 31, 2018

1. Discount rate reduced to 6.50%
2. Inflation rate decreased to 2.40%
3. Projected salary increases decreased to 4.75% (2.40% inflation, 2.35% merit)
4. Mortality table updated based on January 1, 2013 through December 31, 2017 experience study performed on plan data.

**Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Changes in the Medical Center's Net Pension Liability (Asset)
Last 10 Fiscal Years (Unaudited)**

(Continued)

December 31, 2017

1. Discount rate reduced to 6.75%

December 31, 2016

There were no changes of assumptions since measurement date December 31, 2015.

December 31, 2015

1. Discount rate reduced to 7.00%
2. Inflation rate decreased to 2.50%
3. Projected salary increases decreased to 5.25% (2.50% inflation, 2.75% merit)
4. Mortality table updated based on January 1, 2010 through December 31, 2014 experience study performed on plan data

Changes in Plan Provisions

December 31, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016

There were no changes in plan provisions since measurement date December 31, 2015.

December 31, 2015

1. Act 370 was approved in the 2015 Louisiana Legislative Regular Session to allow the Plan to provide a cost-of-living increase from the balance in the system's funding deposit account.

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Medical Center's Pension Contributions
Last 10 Fiscal Years (Unaudited)

	September 30, 2025	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016
Actuarially determined contribution	\$ 4,403,010	\$ 4,343,006	\$ 4,063,650	\$ 3,785,898	\$ 4,134,654	\$ 3,656,081	\$ 3,519,746	\$ 3,323,989	\$ 3,327,170	\$ 3,219,198
Contribution in relation to the actuarially determined contribution	4,403,010	4,343,006	4,063,650	3,785,898	4,134,654	3,656,081	3,519,746	3,323,989	3,327,170	3,219,198
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Center's covered-employee payroll	\$ 39,649,625	\$ 37,802,574	\$ 35,355,674	\$ 32,468,252	\$ 33,752,279	\$ 30,326,691	\$ 30,606,488	\$ 28,273,034	\$ 26,351,908	\$ 24,139,449
Contributions as a percent of covered-employee payroll	11.10%	11.49%	11.49%	11.66%	12.25%	12.06%	11.50%	11.76%	12.63%	13.34%

Changes of Assumptions

December 31, 2024

There were no changes of assumptions since measurement date December 31, 2023.

December 31, 2023

1. Mortality table updated based on January 1, 2018 through December 31, 2022 experience study performed on plan data

December 31, 2022 and 2021

There were no changes of assumptions since measurement date December 31, 2020.

December 31, 2020

1. Discount rate reduced to 6.40%
2. Inflation rate decreased to 2.30%

December 31, 2019

There were no changes of assumptions since measurement date December 31, 2018.

December 31, 2018

1. Discount rate reduced to 6.50%
2. Inflation rate decreased to 2.40%

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Medical Center's Pension Contributions
Last 10 Fiscal Years (Unaudited)

(Continued)

3. Projected salary increases decreased to 4.75% (2.40% inflation, 2.35% merit)
4. Mortality table updated based on January 1, 2013 through December 31, 2017 experience study performed on plan data

December 31, 2017

1. Discount rate reduced to 6.75%

December 31, 2016

There were no changes of assumptions since measurement date December 31, 2015.

Supplementary Information

**Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to
Chief Executive Officer
Year Ended September 30, 2025**

Agency Head Name: Dionne Viator

Purpose	Amount
Salary	\$ 475,405
Benefits – insurance	\$ 977
Benefits – retirement	\$ 38,984
Incentive compensation	\$ 153,722
Reimbursements	\$ 8,955

Other Information

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Insurance Policies (Unaudited)
September 30, 2025

Covered Risks	Insurer	Coverage Description	Coverage Amount	Expiration Date
Malpractice and General Liability	Louisiana Hospital Association	Professional Liability	\$2,500,000	11/1/2025
		Umbrella	\$9,500,000	11/1/2025
		General Liability	\$2,500,000	11/1/2025
Louisiana Patient Compensation	Louisiana Hospital Association	Louisiana Patient Compensation	\$500,000	11/1/2025
Professional Liability	Louisiana Hospital Association	Physicians and Surgeons	\$300,000	11/1/2025
Workers' Compensation	Louisiana Hospital Association	Coverage A	Statutory	1/1/2026
		Coverage B	\$1,000,000	1/1/2026
Directors, Officers, and Employment Practices	Traveler's Casualty & Surety Company	Liability	\$50,000-\$4,000,000	1/1/2026
Property	Company	Property Damage	\$1,000,000-\$204,000,000	1/1/2026
	Lloyd's of London	Wind/Hail	\$7,500,000-\$15,000,000	1/1/2026
	Lloyd's of London	Wind/Hail	\$7,500,000-\$15,000,000	1/1/2026
	Lloyd's of London	Wind/Hail	\$7,500,000-\$15,000,000	1/1/2026
Crime	Traveler's Casualty & Surety Company	Crime	\$5,000-\$1,000,000	1/1/2026
Cyber	Houston Casualty Company	Liability	\$25,000-\$5,000,000	1/1/2026
Excess Cyber	Lloyd's of London	Liability	\$5,000,000	1/1/2026
Auto	American Automobile Insurance Company	Liability	\$5,000-\$1,000,000	1/1/2026
Flood	Wright Flood	Building	\$45,000-\$500,000	8/2/2026
		Contents	\$21,000-\$500,000	8/2/2026

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Board Members (Unaudited)
September 30, 2025

Name	Office	Residence
Mr. Roland Jeanlouis	Chairman	New Iberia, Louisiana
Mr. Larry Hensgens, Jr.	Vice Chairman	New Iberia, Louisiana
Ms. Catherine DeBlanc Reaves	Member	New Iberia, Louisiana
Mr. Lynn Minvielle	Member	New Iberia, Louisiana
Dr. Jose Mata	Member	New Iberia, Louisiana
Mr. Carlo Alphonso	Member	New Iberia, Louisiana
Ms. Aquiline Rener-Arnold	Member	Jeanerette, Louisiana
Ms. Emily Breaux	Member	New Iberia, Louisiana
Mr. Eugene J. Sonnier, II	Member	New Iberia, Louisiana

**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***

Independent Auditor's Report

Board of Commissioners
Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
New Iberia, 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 (*Government Auditing Standards*), the financial statements of Hospital Service District No. 1, a component unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (Medical Center), which comprise the Medical Center's balance sheet as of September 30, 2025 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated February 26, 2026.

Report on Internal Control Over Financial Reporting.

In planning and performing our audit of the financial statements, we considered the Medical Center'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center'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 Medical Center'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 of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP


**Dallas, Texas
February 26, 2026**



Hospital Service District No. 1
A Component Unit of Iberia Parish,
State of Louisiana
(d/b/a Iberia Medical Center)

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

For the Year Ended September 30, 2025



Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners and the Louisiana Legislative Auditor
Hospital Service District No. 1
(d/b/a Iberia Medical Center)
New Iberia, Louisiana

We have performed the procedures enumerated in the attachment to this report on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures as of and for the year ended September 30, 2025. The management of Hospital Service District No. 1, a component unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (Medical Center), is responsible for the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures.

The Medical Center has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of testing the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures as of and for the year ended September 30, 2025. 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 the associated findings are described in the attachment to this report.

We were engaged by the Medical Center 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 control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures. 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 Medical Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Forvis Mazars, LLP

**Dallas, Texas
February 20, 2026**

**Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Agreed-Upon Procedures
Year Ended September 30, 2025**

Payroll and Personnel

Procedures

1. 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 and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Findings

No exceptions were identified in the performance of the procedures listed above.

Prevention of Sexual Harassment

Procedures

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

Findings

No exceptions were identified in the performance of the procedures listed above.