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

FINANCIAL STATEMENTS

December 31, 2024 and 2023

REPORT	Page
Independent Auditor's Report	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	. 5
FINANCIAL STATEMENTS	
Statements of Net Position	. 13
Statements of Revenues, Expenses, and Changes in Net Position	15
Statements of Cash Flows	. 17
Notes to Financial Statements	. 19
SUPPLEMENTARY INFORMATION	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	55
Independent Auditor's Report on Internal Control Over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	. 56
Schedule of Findings and Questioned Costs	58



Carr, Riggs & Ingram, L.L.C. 3850 North Causeway Boulevard Suite 1400 Two Lakeway Center Metairie, LA 70002

504.837.9116 504.837.0123 (fax) CRIadv.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of December 31, 2024 and 2023, and the changes in financial position, and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether
 due to fraud or error, and design and perform audit procedures responsive to those risks.
 Such procedures include examining, on a test basis, evidence regarding the amounts and
 disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit
 procedures that are appropriate in the circumstances, but not for the purpose of expressing
 an opinion on the effectiveness of the District's internal control. Accordingly, no such
 opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

Carr, Riggs & Ungram, L.L.C.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, L.L.C.

Metairie, Louisiana June 24, 2025

The following discussion and analysis for the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) d/b/a St. Bernard Parish Hospital (the Hospital), provides an overview of the District's financial activities for the years ended December 31, 2024 and 2023. Please read it in conjunction with the District's financial statements, which follow this analysis.

Using These Basic Financial Statements

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

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

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

Statements of Cash Flows

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

Hospital Operations and Significant Events

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

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

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

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

Changes in the District's net position from 2023 to 2024 and significant differences in revenue and expenses between the two years are discussed further in sections hereafter.

Statements of Net Position

The District's net position is the difference between its assets and liabilities as reported in the statements of net position. Table 1A presents a summary of the financial changes to the District in 2024 as compared to 2023. The District's total assets decreased by \$1,860,978 or 2% and the District's total liabilities decreased by \$4,325,478 or 31%.

Table 1A
Condensed Statements of Net Position

					Percent
December 31,	2024	2023	D	ollar Change	Change
Assets					
Current assets	\$ 20,294,373	\$ 22,963,688	\$	(2,669,315)	-12%
Capital assets, net	50,991,459	51,976,046		(984,587)	-2%
Other long-term assets	2,323,473	530,549		1,792,924	338%
Total assets	73,609,305	75,470,283		(1,860,978)	-2%
Liabilities					
Current liabilities	9,141,844	13,329,614		(4,187,770)	-31%
Long-term debt, net	319,032	456,740		(137,708)	-30%
Total liabilities	9,460,876	13,786,354		(4,325,478)	-31%
Deferred inflows of resources	2,909,590	1,044,552		1,865,038	179%
Net Position					
Net investment in capital assets	50,533,447	50,418,394		115,053	0%
Unrestricted	10,695,392	10,216,634		478,758	5%
Restricted	10,000	4,349		5,651	130%
Total net position	\$ 61,238,839	\$ 60,639,377	\$	599,462	1%

Current Assets

There was a \$2.7 million decrease in total current assets from 2023 to 2024.

- Cash decreased \$3.9 million. This includes an increase of \$4.5 million in patient services revenue receipts, \$2.4 million decrease in other operating revenue receipts, \$8.9 million decrease in Managed Medicaid program payments, \$9.0 million decrease on cost report settlement, \$22.7 million decrease in intergovernmental transfers to support the Medicaid Program.
- Patient Accounts Receivable decreased \$0.6 million.
- The Medicaid Directed Payment (MDP) Program receivable increased \$16 thousand.
- The Managed Care Incentive Payment (MCIP) receivable increased \$1.9 million due to revenues accrued pursuant to the State's MCIP Program. Of the accrued payments, \$2.7 million were received within the first five months of 2025.

Capital Assets

Table 2A presents the components of capital assets at December 31, 2024 and 2023. In 2024, net capital assets decreased approximately \$985 thousand. Additions of \$2.0 million to capital assets were offset by current year depreciation of \$3.0 million. The District's additions to capital assets were for necessary improvements to the Hospital building and completing purchases of furniture and fixtures, major moveable equipment, and computer equipment for the operations of the Hospital.

December 31,	2024	2023	Dollar Change
Land	\$ 5,690,000 \$	5,690,000	\$ -
Hospital building	44,409,835	44,388,595	21,240
Medical office building	11,066,147	11,046,734	19,413
Machinery and equipment	21,171,014	20,560,488	610,526
Right-of-Use Asset	1,063,324	1,168,353	(105,029)
Land and leasehold improvements	50,551	50,551	-
Software	92,505	92,505	-
Construction in progress	151,942	21,320	130,622
Assets not in service	737,562	36,192	701,370
Subtotal	84,432,880	83,054,738	1,378,142
Less accumulated depreciation	(33,441,421)	(31,078,692)	(2,362,729)
Total capital assets	\$ 50,991,459 \$	51,976,046	\$ (984,587)

There was a \$4.2 million decrease in total current liabilities from 2023 to 2024.

- Accounts Payable increased \$358 thousand. This includes an increase of \$312 thousand in accrued payables for capital projects.
- Accrued Payroll increased \$155 thousand.

- Accrued interest payable and other expenses increased \$87 thousand.
- Due to Hospital Manager increased \$664 thousand. This is primarily due to the payment of
 management fees pursuant to the Special Services Management Agreement. According to
 this agreement, the Hospital Manager may procure purchased services (supplies,
 equipment, and other items) in the name of and on behalf of the District, for which the
 District must reimburse the Manager's full cost.
- Third party settlement reimbursements decreased \$4.5 million due to cost report reserve estimates.
- Current portion of long-term debt decreased \$960 thousand due to no debt outstanding as of the end of 2024.
- Other current liabilities increased \$14 thousand due to deferred revenue recognition of rental payments received.

Long-Term Debt

The District had \$- in long-term debt outstanding as of the end of 2024 which was a 100% decrease from the previous year due to long-term debt payments made during the year. There were no new long-term borrowings in 2024.

The District had \$319K of long-term liabilities which was a 30% decrease.

Net Position

Table 3A presents the components of the District's net position at December 31, 2024 and 2023:

Table 3A
Components of Net Position

					Percent
December 31,	2024	2023	Do	ollar Change	Change
Net investment in capital assets	\$ 50,533,447	\$ 50,418,394	\$	115,053	0%
Unrestricted	10,695,392	10,216,634		478,758	5%
Restricted	10,000	4,349		5,651	130%
Total net position	\$ 61,238,839	\$ 60,639,377	\$	599,462	1%

2024 and 2023 Statements of Revenues, Expenses and Changes in Net Position

The following discussion refers to the summarized activity presented in the District's Condensed statements of revenues, expenses, and changes in net position in Table 4A for 2024 and 2023.

Operating Revenue

Operating revenue increased approximately \$3.1 million from 2023 to 2024 due to the increase in patient revenue and Medicaid Directed Payment (MDP) Program.

The District participates in the State's MDP Program, which provides continued support to hospitals that provide services to Managed Medicaid patients through a percentage increase to each hospital's base Medicaid claims payments for hospital services to the Medicaid managed care population. The District recognized MDP Program revenue of approximately \$14.3 million and \$13.2 million in 2024 and 2023, respectively.

Table 4A presents the components of the District's revenue, expenses and change in net position as of December 31, 2024 and 2023.

Table 4A presents the components of the District's revenue, expenses and change in net position as of December 31, 2024 and 2023:

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

December 31,	2024	2023	D	ollar Change	e
Operating revenue	\$ 58,720,298	\$ 55,652,318	\$	3,067,9	80
Operating expense	58,560,386	55,805,366		2,755,0	20
Operating revenue	159,912	(153,048)		312,9	60
Total interest income	595,528	765,083		(169,5	55)
Ad valorem taxes	1,846	1,171		6	75
Governmental support	-	346,899		(346,8	99)
Loss (gain) on disposal of property and equipment	2,090	(1,936))	4,0	26
Interest expense	(159,914)	(193,854)		33,9	40
Non-operating revenue	439,550	917,363		(477,8	13)
Change in net position	599,462	764,315		(164,8	53)
Net position, beginning of year	60,639,377	59,875,062		764,3	15
Net position, end of year	\$ 61,238,839	\$ 60,639,377	\$	599,4	62

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

Table	5A
Payor	Mix

-	-,	
	2024	2023
Managed Care	31.6%	30.3%
Medicare	6.5%	7.5%
Medicaid	30.6%	36.0%
Commercial	25.2%	22.2%
Guarantor	6.1%	4.0%
Total	100%	100%

Reimbursements to the District are made on behalf of patients by the federal and state governments under the Medicare and Medicaid programs, respectively, by commercial insurance carriers and health maintenance organizations, as well as by patients on their own behalf. The difference between the covered charges and the payments under government programs and established contracts is recognized as a contractual allowance. Contractual allowance expense as a percentage of gross charges was 72.3% and 72.3% for 2024 and 2023.

Operating Expenses

The operating expenses of the Hospital increased by 5% or \$2.8 million in 2024 as outlined below.

IGT expense, which is to support the Medicaid program for services to the low-income population, decreased by \$4.0 million.

Salaries, wages, and benefits increased \$608 thousand; Medical supplies and services increased by \$635 thousand; General supplies increased \$22 thousand; General and administrative expense increased by \$5.1 million due to an increase in professional fees; Insurance increased \$182 thousand; and Building and equipment decreased \$49 thousand in 2024 from 2023.

Depreciation increased \$208 thousand in 2024 due to new asset additions.

Non-Operating Income and Expenses

Ad valorem taxes are received by the District from the Tax Assessor of St. Bernard Parish. The 2011 year was the first year the District levied taxes, which have been set at 8.00 mills for the purpose of constructing, equipping, maintaining and operating hospital facilities within the District. The ad valorem taxes recognized by the District are recorded net of an allowance. The millage was not renewed in 2020. Ad valorem taxes recognized by the District increased \$675 in 2024.

Interest expense decreased by \$34 thousand and interest income decreased \$170 thousand in 2024 due to a decrease in interest rates.

2024 Budget to Actual Comparison

The following Table 6A presents a comparison between actual results of operations versus budgeted 2024 amounts:

Table 6A Budget vs Actual

			Favorable (Unfavorable)
	Budget	Actual	Variance
Revenues			
Net patient service revenue net of			
provision for bad debts of \$3,407,603			
budget and \$4,919,369 actual	\$ 40,542,883	\$ 39,663,395	\$ (879,488)
Medicaid Directed Payment program revenue	14,630,625	14,344,289	(286,336)
Other operating revenue	3,836,489	4,712,614	876,125
Total revenues	59,009,997	58,720,298	(289,699)
			_
Operating Expenses			
Salaries, wages, and benefits	10,876,452	10,913,410	(36,958)
Supplies and other	6,703,090	7,166,199	(463,109)
Professional fees and purchased services	98,025	158,029	(60,004)
IGT Expense	26,000,000	28,750,000	(2,750,000)
Building and equipment	1,102,244	1,151,946	(49,702)
Insurance	1,804,939	1,634,127	170,812
General and administrative	9,054,270	5,747,008	3,307,262
Depreciation and amortization	3,214,039	3,039,667	174,372
Total operating expenses	58,853,059	58,560,386	292,673
Non-operating income (loss), net	371,490	439,550	68,060
Excess of revenues over expenses	\$ 528,429	\$ 599,462	\$ 71,033

Net patient revenue was under budget by \$0.9 million due to the \$1.7 million increase in provision for bad debts. MDP program revenue was under budget by \$286 thousand. Other operating revenue exceeded budget by \$0.9 million primarily due to an increase in MCIP revenue.

Total Operating Expenses were unfavorable to budget by \$293 thousand. IGT Expense was unfavorable to budget by \$2.8 million. Insurance expenses were favorable by \$171 thousand due to the decrease in property and liability insurance premiums. General and administrative expenses were favorable to budget by \$3.3 million due to a decrease in management fees pursuant to the Special Services Management Agreement. Supplies and other were unfavorable to budget by \$0.5 million.

Liquidity, Economic Factors, and Next Year's Budget

During 2024, management and the Board focused on the following:

- Improving ED throughput
- Continued focus on quality of care
- Optimizing patient perception of care
- Continue to maintain and upgrade clinical equipment and physical plant
- Increasing the number of services provided to best meet community needs
- Providing increased outreach and education to the community through multiple avenues
- Optimizing operational efficiencies via the many systems and resources provided through the special services agreement with Ochsner
- And promoting staff development and advanced degrees in order to improve staff engagement and retention

The Hospital's management and Board of Commissioners considered many factors when setting the fiscal year 2025 budget. Of primary importance in setting the 2025 budget is the status of the economy, which takes into account market forces and environmental factors such as:

- Impact of level of care requirements enacted by the insurance industry
- Medicare reimbursement changes and reductions
- Potential Medicaid payment changes and enrollment
- Workforce shortages and labor rates
- Impact of inflation changes on non-labor costs
- Increased competition in the marketplace
- Prior year experience in use of estimates
- Operating efficiencies as a result of the special service management agreement
- Impact of advanced technologies on operating efficiencies and cost

Contacting the Financial Management

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

The preceding discussion and analysis for the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) d/b/a St. Bernard Parish Hospital, provides an overview of the District's financial activities for the years ended December 31, 2024 and 2023. Please read it in conjunction with the District's financial statements, which follow this analysis.

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

As of December 31,		2024		2023
Accepte				
Assets Current assets				
Cash and cash equivalents	\$	11,856,419	\$	15,751,765
Restricted cash and cash equivalents	Ą	42,440	Ą	22,194
Receivables		42,440		22,134
Patient accounts receivable, net of estimated				
uncollectibles and allowances of \$13,553,920 in 2024 and				
\$16,326,458 in 2023		3,624,527		4,221,695
Current portion of lease receivable		647,805		568,079
Other receivable		59,540		114,683
MCIP receivable		2,965,368		1,070,000
Inventory		269,262		279,366
Prepaid expenses		829,012		935,906
терии ехрепьез		0_0,0		333,333
Total current assets		20,294,373		22,963,688
Right-of-use asset, net		440,699		605,148
Capital assets, net		50,550,760		51,370,898
Long-term lease receivable		2,323,473		530,549
		70 600 005		75 470 202
Total assets	\$	73,609,305	\$	75,470,283
Liabilities and Net Decition				
Liabilities and Net Position Current liabilities				
	\$	429,763	\$	72,244
Accounts payable Due to Hospital Manager	Ą	6,997,780	ڔ	6,333,515
Accrued payroll		786,185		631,381
Accrued interest payable and other expenses		516,404		429,647
Current portion of long-term debt		310,404		960,000
Current portion of lease obligation		138,980		140,912
Third party settlement reimbursements, net		206,019		4,709,037
Other current liabilities		66,713		52,878
Care carrena nasmico		20,7.20		22,3.3
Total current liabilities		9,141,844		13,329,614
				(Continued)

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

As of December 31,	2024	2023
Long-term debt		
Long-term portion of lease obligation	\$ 319,032	\$ 456,740
Total long-term debt	319,032	456 <i>,</i> 740
Total liabilities	9,460,876	13,786,354
Deferred inflow of resources		
Leases	2,909,590	1,044,552
Net position		
Net investment in capital assets	50,533,447	50,418,394
Unrestricted	10,695,392	10,216,634
Restricted	10,000	4,349
Total net position	61,238,839	60,639,377
Total liabilities and net position	\$ 73,609,305	\$ 75,470,283
		(Concluded)

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

For the Years Ended December 31,	2024		2023
Operating Revenue			
Net patient service revenue	\$ •		38,040,724
Medicaid Directed Payment program revenue	14,344,289	:	13,189,686
MCIP revenue	3,438,601		3,223,506
Other operating revenue	487,520		377,800
Rental income	786,493		756,319
CEA program revenue	-		64,283
Total operating revenues	58,720,298		55,652,318
Operating Expenses			
Salaries and wages	8,981,588		8,488,774
Employee benefits	1,931,822		1,816,817
General and administrative	5,747,008		669,965
Medicaid Program Support	28,750,000	:	32,740,976
Professional fees and purchased services	158,029	•	95,459
Medical supplies and services	6,921,645		6,285,996
Supplies	244,554		222,613
Building and equipment	1,151,946		1,200,857
Insurance	1,634,127		1,451,797
Depreciation and amortization	3,039,667		2,832,112
	2,000,000		2,002,112
Total operating expenses	58,560,386	į	55,805,366
	450.040		(450.040)
Operating income (loss)	159,912		(153,048)
Nonoperating Revenue (Expense)			
Ad valorem revenue	1,846		1,171
Governmental support	-		346,899
Interest income	595,528		765,083
Gain (loss) on disposal of property and equipment	2,090		(1,936)
Interest expense	(159,914)		(193,854)
•			<u> </u>
Total nonoperating revenue (expense)	439,550		917,363
		(Continued)

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

For the Years Ended December 31,	2024	2023	
Change in net position	\$ 599,462	\$	764,315
Net position - beginning of year	60,639,377		59,875,062
Net position - end of year	\$ 61,238,839	\$	60,639,377
	 		(Concluded)

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

For the Years Ended December 31,	2024	2023
Operating Activities		
Revenue collected	\$ 52,966,611	\$ 49,743,447
Cash paid to or on behalf of employees	(10,758,606)	(10,239,824)
Cash paid for suppliers and services	(43,604,970)	(51,796,883)
Net cash provided by (used in) operating activities	(1,396,965)	(12,293,260)
Noncapital Financing Activities		
Ad valorem taxes	1,846	1,171
Net cash provided by (used in) noncapital financing activities	1,846	1,171
Capital and Related Financing Activities		
Principal payments on long-term debt and		
lease obligations	(1,154,395)	(834,457)
Interest paid	(74,472)	(123,223)
Purchase of capital assets	(1,848,818)	(2,333,121)
Proceeds from sale of capital assets	2,176	778
Net cash provided by (used in) capital and related financing		
activities	(3,075,509)	(3,290,023)
Investing Activities		
Cash received as interest	595,528	765,083
Change in restricted cash	(20,246)	61,799
Net cash provided by (used in) investing activities	575,282	826,882
The same of the sa		
Net increase (decrease) in cash and cash equivalents	(3,895,346)	(14,755,230)
Cash and cash equivalents - beginning of year	15,751,765	30,506,995
	•	
Cash and cash equivalents- end of year	\$ 11,856,419	\$ 15,751,765
		(Continued)

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

For the Years Ended December 31,		2024		2023
Reconciliation of Operating Income (Loss) to Net				
Cash Provided by (Used In) Operating Activities				
Operating income (loss)	\$	159,912	\$	(153,048)
Adjustments to reconcile operating income (loss) from operations	•	7		(/ /
to net cash flows provided by (used in) operating activities:				
Depreciation and amortization		3,039,667		2,832,112
Provision for bad debt		4,971,896		3,921,127
Changes in operating assets and liabilities:				
Patient accounts receivable		(4,374,728)		(5,220,443)
Due from/to Hospital Manager		664,265		(8,490,478)
Full Medicaid Payment program receivable		-		9,986,130
Lease receivable		(7,612)		(22,851)
Other receivable		55,143		(55,336)
MCIP receivable		(1,895,368)		601,882
Inventory		10,104		(23,092)
Prepaid expenses		106,894		(390,978)
Accounts payable		205,926		(214,128)
Accrued payroll		154,804		65,767
Third party settlement reimbursements		(4,503,018)		3,476,617
Full Medicaid Payment program payable		-		(18,234,921)
HHS Cares Act Provider Relief fund deferred revenue		-		(346,900)
Proceeds (payments) from CMS Accelerated and				
Advanced Payment Program		-		(14,176)
Other liabilities		15,150		(10,544)
Net cash provided by (used in) operating activities	\$	(1,396,965)	\$	(12,293,260)
				<u></u>
Supplemental Disclosures of Noncash Activities				
Noncash Investing Activities	ċ	454 503	۲.	40.600
Capital assets included in payables	\$	151,593	\$	40,600
Noncash Financing Activities				
ROU asset additions under lease liabilities	\$	-	\$	768,382
				(Concluded)

Note 1: DESCRIPTION OF HOSPITAL SERVICE DISTRICT

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

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Patient Accounts Receivable, Net

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

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

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

The District has not materially altered its accounts receivable and revenue recognition policies during fiscal year 2024 and did not have significant write-offs from third-party payers related to collectability in fiscal years 2024 or 2023.

Lease Receivables

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Lease Receivables (continued)

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

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

Inventories

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

Prepaid Expenses

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

Capital Assets, net

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital assets, net (Continued)

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

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

Long-Lived Asset Impairment

Long-lived assets are reviewed for impairment if circumstances suggest that there is a significant, unexpected decline in service utility of a long-lived asset. The service utility of a long-lived asset is the usable capacity that at acquisition was expected to be used to provide service. An assessment of recoverability is performed prior to any write-down of assets and an impairment charge is recorded on those assets for which the estimated fair value is below its carrying amount. Based on management's evaluations, no long-lived asset impairments were recognized during the years ended December 31, 2024 and 2023.

Lease Payable

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Lease Payable (Continued)

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

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

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

Deferred Outflows/Inflows of Resources

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

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences

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

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

Costs of Borrowing

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

Categories and Classification of Net Position

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

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

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

Operating Revenue and Expenses

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

Net Patient Service Revenue

The District has agreements with third-party payers for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendering including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews, and investigations.

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

Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The District maintains records to identify and monitor the level of charity care it provides to all of its qualifying patients. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. As presented in Note 4, the District reduced its gross revenues for its cost of charity care. For the years ended December 31, 2024 and 2023, charity care totaled \$807,545 and \$239,243, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses (continued)

Cooperative Endeavor Agreement Revenues

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

Grants and Contributions

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

Managed Care Incentive Payment (MCIP) Revenue

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

Medicaid Directed Payment (MDP) Program

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

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

Risk Management

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

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

Current Healthcare Environment

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Healthcare Environment (continued)

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

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

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

Income Taxes

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

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

The Hospital utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2024 and 2023, the Hospital has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 24, 2025, and determined that not occurred that required inclusion in or disclosure to the financial statements. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In April 2022, GASB issued GASB Statement No. 99, *Omnibus 2022* (GASB 99). This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 were effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District adopted GASB 99 for the year ended December 31, 2024, and GASB 99 did not have an impact on the financial statements.

GASB Statement No. 100, Accounting Changes and Error Corrections. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District adopted GASB 101 for the year ended December 31, 2024, and GASB 101 did not have an impact on the financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

Pronouncements Issued But Effective in Future Years

GASB Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Hospital is currently assessing this standard.

Note 3: CASH AND RESTRICTED CASH

Cash and Restricted Cash

At December 31, 2024 and 2023, the Organization had \$11,898,859 and \$15,773,959, respectively, in interest bearing demand deposits as follows:

December 31,	2024	2023
Cash	\$ 11,856,419	\$ 15,751,765
Restricted Cash	42,440	22,194
Total	\$ 11,898,859	\$ 15,773,959

These deposits are stated at cost, which approximates market.

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

Note 3: CASH AND RESTRICTED CASH (Continued)

Cash and Restricted Cash (Continued)

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

The District's cash deposits included in cash on its statement of net position as of December 31, 2024 and 2023, were entirely covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

The Federal Deposit Insurance Corporation insures cash deposits up to \$250,000 per financial institution. The Foundation, a not-for-profit corporation, had all funds secured by a pledge of securities owned by the fiscal agent for the years ended December 31, 2024 and 2023.

Concentration risk — As required under GASB statement 40, Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3, concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB 40 further defines an at-risk investment to be one that represents more than five percent (5%) of the fair value of the total investment portfolio and requires disclosure of such at-risk investments. GASB 40 specifically excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments from the disclosure requirement. At December 31, 2024 and 2023, the District had no investments requiring concentration of credit risk disclosure.

Note 4: PATIENT ACCOUNTS RECEIVABLE

The District is located in St. Bernard Parish in Louisiana. The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at December 31, 2024 and 2023 was:

	2024	2023
Medicare	\$ 3,951,280 \$	6,026,412
Medicaid	3,286,654	4,654,513
Commercial and other third-party payers	7,417,347	8,995,633
Private Pay	2,495,597	855,420
Total patient accounts receivable	17,150,878	20,531,978
Less allowance for uncollectible account and		
contractual allowances	(13,526,351)	(16,310,283)
Patient account receivables, net	\$ 3,624,527 \$	4,221,695

Note 4: PATIENT ACCOUNTS RECEIVABLE (Continued)

The mix of net accounts receivable due from patients and third-party payors as of December 31, 2024 and 2023 was as follows:

	2024	2023
Medicare	23.0%	29.4%
Medicaid	19.2%	22.7%
Commercial and other third-party payers	43.2%	43.8%
Private Pay	14.6%	4.2%
Total	100%	100%

Net Patient Service Revenue

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

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

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

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

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

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

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

Note 4: PATIENT ACCOUNTS RECEIVABLE AND REVENUE (Continued)

Net Patient Service Revenue (Continued)

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

Revenue derived from the Medicare and Medicaid programs is subject to audit and adjustment by the fiscal intermediary and must be accepted by the United States Department of Health and Human Services (HHS) before settlement amounts become final. Annually, management evaluates the recorded estimated settlements and adjusts these balances based upon the results of the intermediary's audit of filed cost reports and additional information becoming available. Although the fiscal intermediary has not completed its audits (or reopened the review) of the estimated settlements for the years ended December 31, 2022 through 2024 for Medicare and for the years ended December 31, 2019 through 2024 for Medicaid, the District does not anticipate significant adverse adjustments to the recorded settlements for those years.

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

A summary of gross revenue from patient services provided under contracts with third-party payers for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Medicare	34.3%	34.4%
Medicaid	31.0%	36.0%
Commercial and other third-party payers	29.4%	25.9%
Private pay	5.3%	3.7%
Total	100%	100%

Note 4: PATIENT ACCOUNTS RECEIVABLE AND REVENUE (Continued)

Net Patient Service Revenue (Continued)

A summary of the District's net patient service revenue for the years ended December 31, 2024 and 2023 is as follows:

December 31,	2024	2023
Gross patient service revenue	\$ 176,403,045 \$	164,746,764
Less discounts, allowance, and estimated contractual adjustments under third-party reimbursement programs	(130,960,209)	(122,545,670)
Less provision for bad debts	(4,971,896)	(3,921,127)
Charity Care	(807,545)	(239,243)
Net patient service revenue	\$ 39,663,395 \$	38,040,724

Note 5: CAPITAL ASSETS

Capital asset activity and balances for the year ended December 31, 2024 was as follows:

		Disposals/					
	Balance	Additions/			tirements/		Balance
	1/1/2024	Т	ransfers in	Tra	nsfers out	:	12/31/2024
	F 600 000						5 600 000
Land	\$ 5,690,000	\$	-	\$	-	\$	5,690,000
Hospital building	44,388,595		21,240		-		44,409,835
Medical office building	11,046,734		19,413		-		11,066,147
Machinery and equipment	20,560,488		1,127,755		(517,229)		21,171,014
Land improvements	50,551		-		-		50,551
Software	92,505		-		-		92,505
Construction in progress	21,310		130,632		-		151,942
Right-of-use asset	1,168,353		-		(105,029)		1,063,324
Assets not in service	36,192		701,370		-		737,562
Total acquisition cost	83,054,728		2,000,410		(622,258)		84,432,880
Less accumulated depreciation:							
•	/12 EO2 110\		/1 1EE EG7\				(12 747 677)
Hospital building	(12,592,110)		(1,155,567)		-		(13,747,677)
Medical office building	(2,894,923)		(283,135)		-		(3,178,058)
Machinery and equipment	(14,922,802)		(1,362,785)		517,144		(15,768,443)
Land improvements	(28,507)		(3,606)		-		(32,113)
Leasehold improvements	-		-		-		-
Software	(77,136)		(15,369)		-		(92 <i>,</i> 505)
Right-of-use asset	(563,204)		(219,204)		159,783		(622,625)
Total accumulated							
depreciation	(31,078,682)		(3,039,666)		676,927		(33,441,421)
Total capital assets, net	\$ 51,976,046	\$	(1,039,256)	\$	54,669	\$	50,991,459

Note 5: CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended December 31, 2023 was as follows:

	Balance 1/1/2023	Additions/ Transfers in	•				
				12/31/2023			
Land	\$ 5,690,00	0 \$ -	\$ -	\$ 5,690,000			
Hospital building	43,838,07	6 550,519	-	44,388,595			
Medical office building	11,008,47	38,259	-	11,046,734			
Machinery and equipment	19,540,72	3 2,043,926	(1,024,161)	20,560,488			
Land improvements	59,31	.5	(8,764)	50,551			
Leasehold improvements	89,89	2 -	(89,892)	-			
Software	92,50	- 5	-	92,505			
Construction in progress	119,51	1 466,531	(564,732)	21,310			
Right-of-use asset	399,97	768,382	-	1,168,353			
Assets not in service	99,24	8 1,756,651	(1,819,707)	36,192			
Total acquisition cost	80,937,71	6 5,624,268	(3,507,256)	83,054,728			
Less accumulated depreciation:							
Hospital building	(11,447,43	2) (1,120,285)	(24,393)	(12,592,110)			
Medical office building	(2,613,23	5) (281,688)	-	(2,894,923)			
Machinery and equipment	(14,814,54	1) (1,129,717)	1,021,456	(14,922,802)			
Land improvements	(26,10	(3,718)	1,314	(28,507)			
Leasehold improvements	(23,08		23,087	-			
Software	(46,91	.4) (30,222)	-	(77,136)			
Right-of-use asset	(296,72	2) (266,482)	-	(563,204)			
Total accumulated							
depreciation	(29,268,03	4) (2,832,112)	1,021,464	(31,078,682)			
Capital assets, net	\$ 51,669,68	2 \$ 2,792,156	\$ (2,485,792)	\$ 51,976,046			

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 was \$3,039,667 and \$2,832,112, respectively.

Note 6: LONG-TERM DEBT

The following table summarizes the Organization's outstanding debt at December 31, 2024 and 2023:

Long-Term Debt		2024	2023
Hospital Revenue Bonds, Series 2014: Interest payable			
semi-annually at a rate of 4.90%. Principal is payable			
annually through December 2024.	(A)	-	960,000
Total long-term debt		-	960,000
Less: Current maturities of long-term debt		-	(960,000)
Total long-term debt – noncurrent portion		\$ -	\$ -

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

A summary of changes in the Organization's long-term debt and other long-term liabilities for the year ended December 31, 2024 follows:

Long-Term Debt	1,	/1/2024	Ado	ditions	Reduction	12/31/202	4	Due wit One Ye	
Hospital Revenue Bonds, Series 2014	\$	960,000	\$	-	\$ (960,000)	\$	_	\$	_

A summary of changes in the Organization's long-term debt and other long-term liabilities for the year ended December 31, 2023 follows:

Long-Term Debt	1/1/2023	Additions	Reduction	12/31/2023	Due within One Year
Hospital Revenue Bonds, Series 2014	\$ 1,875,000	\$ -	\$ (915,000)	\$ 960,000	\$ 960,000

Note 7: LEASES

Lease Receivables

The District has various office space leases with the Hospital's manager. Annual payments under the leases range from \$18,934 to \$131,443 and the leases expire at various dates through April 30, 2028. The risk-free borrowing rates for the leases range from 0.31% to 4.72%. For the years ended December 31, 2024 and 2023, the District recorded rental income of \$786,493 and \$756,319. Rental income with the Hospital's manager is included in total rental income stated in the preceding sentence.

Future minimum rent receipts are as follows:

For the years ending December 31,	Principal	Interest	Total
			_
2025	648,939	110,656	\$ 759,595
2026	645,218	85,413	730,631
2027	684,660	57,368	742,028
2028	607,367	29,568	636,935
2029	380,588	6,766	387,354
Thereafter	4,506	16	4,522
Total	\$ 2,971,278 \$	289,787	\$ 3,261,065

Lease Liabilities

With the implementation of GASB 87, the initial lease liability was recorded in the amount of \$399,971. As of December 31, 2024 and 2023, the balance of lease liability was \$158,012 and \$597,654, respectively. The Hospital is required to make monthly principal and interest payments totaling approximately \$12,693. The lease has an interest rate of 3.39%.

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

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

Note 7: LEASES (Continued)

Lease liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
Lease obligation	\$ 84,959	\$ 752,731	\$ (240,036)	\$ 597,654	\$ 140,912
Total lease liabilities	\$ 84,959	\$ 752,731	\$ (240,036)	\$ 597,654	\$ 140,912

Minimum future lease payments under lease liability as of December 31, 2024 are as follows:

	Principal			Interest	Total	
2025	\$	138,980	\$	12,949	\$ 151,929	
2026		143,766		8,149	151,915	
2027		148,717		3,185	151,902	
2028		26,549		39	26,588	
2029		-		-	-	
Thereafter		-		-	-	
Total	\$	458,012	\$	24,322	\$ 482,334	

Note 8: NET INVESTMENT IN CAPITAL ASSETS

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

December 31,	2024	2023
Capital assets, net	\$ 50,550,760 \$	51,370,898
Right of use assets, net	440,699	605,148
Less debt related to capital assets:		
Bonds payable	-	(960,000)
Lease payable	(458,012)	(597,652)
Net investment in capital assets	\$ 50,533,447 \$	50,418,394

Note 9: LOUISIANA MEDICAID SUPPLEMENTAL PAYMENT PROGRAMS

Cooperative Endeavor Agreement

Since October 8, 2012, the District entered into a cooperative endeavor agreement with other hospitals to more fully fund the Medicaid program (the Program) and ensure the availability of quality healthcare services for the low income and needy population. These collaborations enable the governmental entities to increase support for the state Medicaid program. The District recognizes all funds received under the cooperative endeavor agreement as operating revenues in the period applicable to the receipt of the funds. Any amounts related to that year that are not received as of fiscal year-end are recorded as grants receivable and reflected in other current assets in the accompanying statements of net position. These receivables can be subject to adjustments that are reflected in the period they become known. The District recognized \$- and \$64,283 in net revenue related to this program during the years ended December 31, 2024 and 2023, respectively.

MDP Program

In 2022, the State of Louisiana (the State) initiated the MDP program, which allows the State to enter into contractual directed payment arrangements with MCOs. The State directs the MCOs to pay uniform percentage increases on top of providers' inpatient and outpatient base claims payments. Within 12 months after the end of the State's fiscal year, the State will perform a reconciliation calculation for each hospital, which will result in an additional payment or partial offset against the hospital's interim payments for the following State fiscal year. As a result, there is a possibility that recorded estimates will change by a material amount. For the years ended December 31, 2024 and 2023, the District recognized \$14,344,289 and \$13,189,686, respectively, of revenues related to the MDP program.

Low Income and Needy Care Collaboration Agreement (LINCCA)

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

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

For the years ended December 31, 2024 and 2023 the Organization expensed IGTs of \$28,750,000 and \$32,740,976, respectively. Amounts are included in the accompanying statements of revenues, expenses, and changes in net position in the caption IGT expense.

Note 9: LOUISIANA MEDICAID SUPPLEMENTAL PAYMENT PROGRAMS (Continued)

Managed Care Incentive Payment (MCIP) Program

As part of the State's MCIP Program, the Organization participated in the Quality and Outcome Improvement Network (QIN), the network formed to contract with hospitals wishing to participate in the MCIP program and implemented measures designed by the QIN to achieve incentive arrangements in exchange for incentive payments from QIN. The Organization recorded revenue of \$3,438,601 and \$3,223,506 for the years ended December 31, 2024 and 2023, respectively. Additionally, the Organization recorded receivables of \$2,965,368 and \$1,070,000 as of December 31, 2024 and 2023, respectively.

Note 10: 403(B) DEFERRED COMPENSATION PLAN

The Foundation sponsors a deferred compensation plan, which qualifies as a tax-sheltered annuity plan under Section 403(b) of the IRC. All new full-time employees are immediately eligible to join the defined contribution 403(b) plan, St. Bernard Parish Hospital Retirement Savings Plan (Plan) established on November 1, 2012. The Plan allows participants to make pre-tax contributions to the Plan and receive employer matching contributions up to 50% of the first 4%. The Foundation also contributes 2% of employees' eligible compensation regardless of participation. Contributions occur annually following the plan year." Employer contributions to the 403(b) plan totaled \$143,610 and \$130,171 for 2024 and 2023, respectively. To vest in the employer annual non-discretionary contribution, employees must complete at least 3 years of service for any employees hired before December 31, 2020. For any employee hired after December 31, 2020, vesting is based on a 6-year graded schedule.

Note 11: SPECIAL SERVICES MANAGEMENT AGREEMENT

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

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

Note 11: SPECIAL SERVICES MANAGEMENT AGREEMENT (Continued)

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

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

During the year ended December 31, 2023, transactions between SBOMC and the Organization included: (1) purchases from SBOMC of supplies and services in accordance with the management agreement of approximately \$10,198,000; (2) accrual of management fees payable to SBOMC of approximately \$360,000 based upon the Organization's operations in accordance with the management agreement and (3) there were payments of approximately \$19,169,000 made to SBOMC on amounts outstanding. The remaining amounts due to the Hospital Manager are included on the statements of net position as due to Hospital Manager.

Note 12: COOPERATIVE ENDEAVOR AGREEMENTS

Parish of St. Bernard

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

St. Bernard Hospital Foundation

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

Note 12: COOPERATIVE ENDEAVOR AGREEMENTS (Continued)

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

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

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

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

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

Ochsner Health System

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

Note 13: RELATED PARTIES

The related party transactions between the Hospital and Hospital Manager are detailed in Note 11 and include expenses for supplies and professional services provided by the manager and the management fee. There was no compensation paid to board members for the years ended December 31, 2024 or 2023.

Note 14: COMMITMENTS

Meraux Foundation Commitment

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

Note 15: RISK MANAGEMENT AND REGULATORY MATTERS

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

Note 15: RISK MANAGEMENT AND REGULATORY MATTERS (Continued)

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

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

Similarly, the CMS created new entities titled Audit MICs (as discussed in Note 2) in order to continue its efforts to ensure the highest integrity of its healthcare programs. The goal of the provider audits is to identify overpayments and to ultimately decrease the payment of inappropriate Medicaid claims. The MIC is to review claims submitted by all types of Medicaid providers, including all settings of care and types of services, with most audits taking place at staff headquarters and on occasion on-site at a provider's place of business. The District has not been the subject of any RAC or MIC audits during 2024 or 2023.

Litigation

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

Workers' Compensation

The Foundation purchased commercial insurance that provides coverage for workers' compensation claims up to \$1,000,000 per claim in excess of its self-insured limits. A liability is recorded when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities for claims incurred are re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic social factors. Due to the lack of incurred workers' compensation claims, reserves were not material to the financial statements as of December 31, 2024 and 2023 and were not accrued.

Note 15: RISK MANAGEMENT AND REGULATORY MATTERS (Continued)

Medical Malpractice Insurance

The District participates in the State's Patient Compensation Fund (the Fund). The Fund provides for malpractice coverage to the District for claims in excess of \$100,000 and up to \$500,000 per claim. According to state law, medical malpractice liability (exclusive of future medical care awards and litigation expenses) is limited to \$500,000 per occurrence. There were no medical malpractice liabilities accrued as of December 31, 2024 and 2023.

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

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

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

Note 16: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION

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

		2024				
	Dist	ospital Service rict of the Parish t. Bernard, State of Louisiana	St. Bernard Hospital undation, Inc.	E	Eliminations	Total
Current assets		18,883,758	\$ 1,410,615	\$	-	\$ 20,294,373
Other assets – non-current		98,090,727	-		(95,765,422)	2,325,305
Capital assets, net		13,643,265	36,907,495		-	50,550,760
ROU assets, net		440,699	-		-	440,699
Total assets	\$	131,058,449	\$ 38,318,110	\$	(95,765,422)	\$ 73,611,137
Current liabilities Other liabilities – non-current Long-term debt - less amounts		8,034,746 -	1,107,098 95,765,422	\$	- (95,765,422)	\$ 9,141,844
due within one year Deferred inflow resources		319,032 2,909,590	-		-	319,032 2,909,590
Net position		119,795,081	(58,556,242)		-	61,238,839
Total liabilities and net position	\$	131,058,449	\$ 38,316,278	\$	(95,765,422)	\$ 73,609,305

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

The following table presents the condensed consolidating statements of net position information for the District and its blended component unit as of December 31, 2023:

		2023				
	Distr	ospital Service ict of the Parish of Bernard, State of Louisiana	St. Bernard Hospital undation, Inc.	E	Eliminations	Total
Current assets		21,915,417	\$ 1,048,271	\$	-	\$ 22,963,688
Other assets – non-current		88,798,404	-		(88,267,855)	530,549
Capital assets, net		13,916,285	37,454,613		-	51,370,898
ROU assets, net		605,148	-		-	605,148
Total assets	\$	125,235,254	\$ 38,502,884	\$	(88,267,855)	\$ 75,470,283
Current liabilities Other liabilities – non-current Long-term debt - less amounts		12,620,677 -	708,937 88,267,855	\$	- (88,267,855)	\$ 13,329,614
due within one year		456,740	-		-	456,740
Deferred inflow of resources		1,044,552	-		-	1,044,552
Net position		111,113,285	(50,473,908)		-	60,639,377
Total liabilities and net position	\$	125,235,254	\$ 38,502,884	\$	(88,267,855)	\$ 75,470,283

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

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

		2024				
	Hospital Service District of the Parish of St. Bernard, State of Louisiana		St. Bernard Hospital Foundation, Inc.		Eliminations	Total
Operating Revenues	\$	58,517,447	\$	35,140,150	\$ (34,937,299) \$	58,720,298
Operating Expenses						
Salaries, wages, and benefits		8,265		10,905,145	-	10,913,410
General and administrative		40,684,307		-	(34,937,299)	5,747,008
IGT expense		-		28,750,000	-	28,750,000
Professional fees and						
purchased services		121,133.00		36,896	-	158,029
Medical supplies and services		6,921,645.00		-	-	6,921,645
Supplies		244,554.00		-	-	244,554
Building and equipment		1,150,876.00		1,070	-	1,151,946
Insurance		573,508.00		1,060,619	-	1,634,127
Depreciation and amortization		511,638.00		2,528,029	-	3,039,667
Total operating expenses		50,215,926		43,281,759	(34,937,299)	58,560,386
Net Income (Loss) From Operations		8,301,521		(8,141,609)	-	159,912
Non-Operating Revenues (Expenses)						
Ad valorem taxes		1,846		-	-	1,846
Government support		-		-	-	-
Interest income		541,001		54,527	-	595,528
Gain (loss) on disposal of property		,		•		,
and equipment		(2,658)		4,748	-	2,090
Interest expense		(159,914)		-	-	(159,914)
Total non-operating revenues, net		380,275		59,275	-	439,550
Change in Net Position		8,681,796		(8,082,334)	-	599,462
Net Position, beginning of year		111,113,285		(50,473,908)	-	60,639,377
Net Position, end of year	\$	119,795,081	\$	(58,556,242)	\$ - \$	61,238,839

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

The following table presents the condensed consolidating statement of revenues, expenses and changes in net position for the District and its blended component unit as of December 31, 2023:

	2023			
	Hospital Service District of the Parish of St. Bernard, State of Louisiana	St. Bernard Hospital Foundation, Inc.	Eliminations	Total
Operating Revenues	\$ 39,655,711	\$ 47,735,591	\$ (31,738,984) \$	55,652,318
Operating Expenses				
Salaries, wages, and benefits	-	10,305,591	-	10,305,591
General and administrative	32,381,050	27,899	(31,738,984)	669,965
IGT expense	 -	32,740,976	-	32,740,976
Professional fees and		, ,		
purchased services	66,959	28,500	_	95,459
Medical supplies and services	6,285,996	-	_	6,285,996
Supplies	222,613	-	_	222,613
Building and equipment	1,200,980	(123)	_	1,200,857
Insurance	530,042	921,755	_	1,451,797
Depreciation and amortization	560,830	2,271,282	-	2,832,112
Total operating expenses	41,248,470	46,295,880	(31,738,984)	55,805,366
Net Income (Loss) From Operations	(1,592,759)	1,439,711	-	(153,048)
Non-Operating Revenues (Expenses)				
Ad valorem taxes	1,171	-	-	1,171
Government support	346,899	-	-	346,899
Interest income	699,868	65,215	-	765,083
Gain (loss) on disposal of property and equipment	-	(1,936)	-	(1,936)
Interest expense	(193,854)	-	_	(193,854)
Total non-operating revenues, net	854,084	63,279	-	917,363
Change in Net Position	(738,675)	1,502,990	-	764,315
Net Position, beginning of year	111,851,960	(51,976,898)	-	59,875,062
Net Position, end of year	\$ 111,113,285	\$ (50,473,908)	\$ - \$	60,639,377

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

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

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

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

The following table presents the condensed consolidating statement of cash flows for the District and its blended component unit as of December 31, 2023:

		2023			
	Distric	spital Service at of the Parish of ernard, State of Louisiana	St. Bernard Hospital undation, Inc.	Eliminations	Total
Net cash provided by (used in):					
Operating activities	\$	(12,901,979)	\$ 608,719		\$ (12,293,260)
Noncapital financing activities		1,171	-	-	1,171
Capital and financing activities		(957,820)	(2,332,203)	-	(3,290,023)
Investing activities		826,882	-	-	826,882
Net change in cash		(13,031,746)	(1,723,484)	-	(14,755,230)
Cash and cash equivalents -					
beginning of year		27,848,135	2,658,860	-	30,506,995
Cash and cash equivalents -					
end of year	\$	14,816,389	\$ 935,376	\$ -	\$ 15,751,765



Hospital Service District of the Parish of St. Bernard, State of Louisiana Schedule of Compensation, Benefits, and Other Payments to Agency Head For the Year Ended December 31, 2024

Agency Head Name: Alanna Fast, Chief Executive Officer

Note: In 2017, St. Bernard Hospital Foundation, Inc. entered into a Special Services Management Agreement with St. Bernard Operational Management Company, LLC (Ochsner). The Agency Head was Alanna Fast, Chief Executive Officer. Alanna is an employee of Ochsner. St. Bernard Hospital Foundation, Inc. did not make any payments to or on behalf of the Chief Executive Officer, the individual acting as the agency head for the year ended December 31, 2024.



Carr, Riggs & Ingram, L.L.C. 3850 North Causeway Boulevard Suite 1400 Two Lakeway Center Metairie, LA 70002

504.837.9116 504.837.0123 (fax) CRIadv.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 24, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Chapan, L.L.C.

Metairie, Louisiana

June 24, 2025

St. Bernard Hospital Foundation, Inc. Schedule of Findings and Questioned Costs For the Year Ended December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

1.	Type of auditor's report issued	Unmodified
	Type of addition 3 report 133ded	Onnounca

2. Internal control over financial reporting:

a. Material weaknesses identified?

 b. Significant deficiencies identified not considered to be material weaknesses?
 None noted

c. Noncompliance material to the financial statements noted? No

Section II – Financial Statement Findings

There were no findings noted related to the financial statements for the year ended December 31, 2024.

There were no findings noted related to compliance and other matters for the year ended December 31, 2024.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the current year.

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

There were no findings noted related to findings and questioned costs related to major federal award programs for the year ended December 31, 2023.