

**HOSPITAL SERVICE DISTRICT
NO. 1 OF TERREBONNE PARISH,
STATE OF LOUISIANA**

Management's Discussion and Analysis
and Financial Statements

March 31, 2025 and 2024



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HOSPITAL SERVICE DISTRICT NO. 1 OF TERREBONNE PARISH, STATE OF LOUISIANA

Management's Discussion and Analysis

This section of Hospital Service District No. 1 of Terrebonne Parish, State of Louisiana's (the District), annual financial report presents background information and management's analysis of the District's financial performance during the fiscal year ended March 31, 2025. Please read it in conjunction with the financial statements in this report.

In June 2013, Hospital Service District No. 1 of Terrebonne Parish, State of Louisiana, became the sole member of Southern Regional Medical Corporation (SRMC). SRMC entered into a Cooperative Endeavor Agreement (CEA) with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), the Louisiana Division of Administration (DOA), and the State of Louisiana through the Division of Administration (the State and the Louisiana Department of Health (LDH) to which the District assists SRMC in ensuring the availability of hospital services to low-income and indigent patients in south central Louisiana. SRMC entered in an agreement with LSU to take possession, use, and occupy the Leonard J. Chabert Medical Center (Chabert), and assume responsibility for its operations. SRMC entered into a management agreement with Chabert Management LLC (Manager) to provide management, staff, and other assistance to SRMC to operate Chabert. The CEA is for an initial term of five years and automatically renews for an additional five-year term, unless terminated by either party. SRMC is the sole member of Quality and Outcome Improvement Network, Inc. (QIN). SRMC established QIN to work with the Healthy Louisiana Medicaid managed care organizations and other hospitals to improve the availability and quality of care in Louisiana. The District's financial statements include Terrebonne General Health System (TGHS), SRMC, and Quality and Outcome Improvement Network, Inc. (QIN).

Required Financial Statements

The Basic Financial Statements of the District report information about the District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statements of Net Position include all of the District's assets and liabilities and deferred inflows and outflows of resources and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the reporting period's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. This statement measures changes in the District's operations over the past two years and can be used to determine whether the District has been able to recover all of its costs through its net patient service revenue and other revenue sources. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash from operations, investing, and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

HOSPITAL SERVICE DISTRICT NO. 1 OF TERREBONNE PARISH, STATE OF LOUISIANA

Management's Discussion and Analysis

Financial Analysis of the District

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the District's activities. These two statements report the net position of the District and changes in it. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in the healthcare industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

Financial Highlights for the Year Ended March 31, 2025

- The District's assets and deferred outflows increased by approximately \$74.8 million or 10%, primarily due to increase in funding to be received under the states supplemental Medicaid program.
- During the fiscal year, the District's total operating revenues decreased from prior year by \$55.2 million, or 11%, to \$443.3 million, while operating expenses decreased \$40.3 million, or 8%, to \$441.4 million. The District has income from operations of \$1.8 million, which is 0.4% of total operating revenue and represents an decrease of \$14.9 million from prior year income from operations.
- During fiscal year 2025, the District qualified to receive funding from eligible supplemental Medicaid payments. The amount of this funding included in total operating revenue for the year is \$82.5 million.
- During the fiscal year, the District made significant capital acquisitions totaling approximately \$15.1 million including the following:
 - Repairs and upgrade to infrastructure of facilities
 - Various renovation projects of existing buildings
 - Purchase of medical equipment

The source of the funding for these projects was derived from operations and drawing on investments, as necessary.

**HOSPITAL SERVICE DISTRICT NO. 1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Management's Discussion and Analysis

Summary of Net Position

A summary of the District's Statements of Net Position at March 31, 2025 and 2024 is presented in Table 1 below:

TABLE 1
Condensed Statements of Net Position
(In Thousands)

	2025	2024	Dollar Change	Percent Change
Current Assets	\$ 465,545	\$ 391,864	\$ 73,681	19%
Capital Assets, Net	172,609	177,235	(4,626)	-3%
Other Assets, Including Board Designated and Restricted Investments	154,025	148,239	5,786	4%
Deferred Outflows of Resources	43	86	(43)	-50%
 Total Assets and Deferred Outflows of Resources	 \$ 792,222	 \$ 717,424	 \$ 74,798	 10%
 Current Liabilities	 \$ 423,635	 \$ 340,495	 \$ 83,140	 24%
Long-Term Liabilities	30,950	37,578	(6,628)	-18%
 Total Liabilities	 454,585	 378,073	 76,512	 20%
 Deferred Inflows of Resources	 4,637	 4,979	 (342)	 -7%
 Net Investment in Capital Assets	 134,280	 132,522	 1,758	 1%
Restricted Net Position	5,759	5,699	60	1%
Unrestricted Net Position	192,961	196,151	(3,190)	-2%
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 792,222	 \$ 717,424	 \$ 74,798	 10%

As can be seen in Table 1, total assets and deferred outflows increased by \$74.8 million to \$792.2 million at March 31, 2025, up from \$717.4 million at March 31, 2024.

Total current liabilities increased by \$83.1 million from March 31, 2024 to March 31, 2025, primarily as a result of the timing of payments passed through QIN to other organizations.

**HOSPITAL SERVICE DISTRICT NO. 1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Management's Discussion and Analysis

Summary of Revenues and Expenses

The following table presents a summary of the District's revenues and expenses for each of the years ended March 31, 2025 and 2024:

TABLE 2
Condensed Statements of Revenues,
Expenses, and Changes in Net Position
(In Thousands)

	2025	2024	Dollar Change	Percent Change
Net Patient Service Revenue	\$ 328,498	\$ 327,023	\$ 1,475	0.5%
Other Revenue, Net	114,761	171,403	(56,642)	-33%
Total Operating Revenue	443,259	498,426	(55,167)	-11%
Salaries, Wage, and Benefits	136,103	137,243	(1,140)	-1%
Supplies and Materials	95,084	87,773	7,311	8%
Purchased Services	162,878	212,192	(49,314)	-23%
Professional Fees	14,340	13,660	680	5%
Other Operating Expenses	12,405	10,834	1,571	15%
Depreciation and Amortization	20,609	19,975	634	3%
Total Operating Expenses	441,419	481,677	(40,258)	-8%
Income from Operations	1,840	16,749	(14,909)	-89%
Provider Relief Fund	-	8,886	(8,886)	100%
Investment Income, Net	7,666	3,445	4,221	123%
Interest Expense	(1,118)	(1,229)	111	-9%
Other Expenses	(1,377)	(661)	(716)	108%
Total Nonoperating Revenues (Expenses)	5,171	10,441	\$ (5,270)	-50%
Change in Net Position	7,011	27,190		
Net Position				
Beginning of Period, Restated	325,989	307,182		
End of Period	\$ 333,000	\$ 334,372		

**HOSPITAL SERVICE DISTRICT NO. 1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Management’s Discussion and Analysis

Sources of Revenue

Operating Revenue

During fiscal year 2025, the District derived the majority of its operating revenue from patient revenues. Patient revenues include revenues from the Medicare and Medicaid programs and patients, or their third-party insurers, who pay for care in the District's facilities. Reimbursement for the Medicare and Medicaid programs and the third-party insurers is based upon established contracts. The difference between the covered charges and the expected payment is recognized as a contractual allowance.

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended March 31, 2025 and 2024:

**TABLE 3
Payor Mix**

	2025	2024
Medicare	52%	51%
Medicaid	16%	18%
Other	32%	31%
Total Patient Revenues	100%	100%

Other Operating Revenue

The District also generated other operating income of \$114.8 million in fiscal year 2025 and \$171.4 million in fiscal year 2024. Of this amount, \$82.5 million in 2025 and \$127.7 million in 2024 relates to grants from supplemental Medicaid payments. The remaining income does not relate to patient revenues, and consists primarily of rental and retail income, reference lab income, cafeteria income, and other departmental income.

Nonoperating Income

The District holds designated and restricted funds in its Statements of Net Position that are invested primarily in money market funds and securities issued by the U.S. Treasury and its agencies and other federal agencies. These investments earned \$6.3 million and \$2.8 million during fiscal years 2025 and 2024, respectively.

**HOSPITAL SERVICE DISTRICT NO. 1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Management's Discussion and Analysis

Operating and Financial Performance

The following summarizes the District's Statements of Revenues, Expenses, and Changes in Net Position between fiscal years 2025 and 2024:

Overall activity at the District, as measured by patient discharges, increased by 3% to 8,672 in 2025, compared to 8,452 in 2024. Patient days increased by 2.4% from 38,948 in 2024 to 39,873 in 2025. The average length of stay for the District remained consistent with the prior year, with the stay length at 4.7 days for both 2025 and 2024.

Net patient service revenue increased \$1.4 million, or 0.5%, in 2025. Contractual allowances, excluding bad debt, increased to 67% of charges in 2025 from 64% in 2024.

Excluded from net patient service revenue are charges forgone for patient services falling under the District's charity care policy. Based on established rates, gross charges of \$5.5 million were forgone in 2025 compared to \$2.8 million in 2024. Provision for bad debts remained consistent with the prior year.

Employee wages and compensation decreased by \$1.1 million from the prior year. Salaries and benefits were 30% and 27% of total operating revenue in fiscal years 2025 and 2024, respectively. The cost of supplies and materials increased by \$7.3 million, or 8%, due to impact of inflation and supply chain issues. Purchased services decreased during the year by \$49.3 million, mainly due to changes in management and IGT expenses. Depreciation expense increased by \$0.6 million, or 3%. Total operating expenses decreased by \$40.2 million, or 8%, for the year ended March 31, 2025.

**HOSPITAL SERVICE DISTRICT NO. 1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Management's Discussion and Analysis

Capital Assets

During fiscal year 2025, the District invested in a broad range of capital assets included in Table 4 below:

TABLE 4
Capital Assets
(In Thousands)

	2025	2024	Dollar Change	Percent Change
Land and Land Improvements	\$ 46,164	\$ 45,240	\$ 924	2%
Building	244,312	238,857	5,455	2%
Equipment	174,487	256,032	(81,545)	-32%
Right-to-Use Assets	11,980	12,372	(392)	-3%
Subtotal	476,943	552,501	(75,558)	-14%
Less: Accumulated Depreciation	314,932	382,697	(67,765)	-18%
Construction in Progress	10,598	7,431	3,167	43%
Net Capital Assets	\$ 172,609	\$ 177,235	\$ (4,626)	-3%

During fiscal year 2025, net capital assets decreased due to the impact of scheduled depreciation. Total additions were approximately \$15.1 million on equipment and facility initiatives and disposals accounted for approximately \$87 million of retired buildings and equipment. The District also has a strategic plan that incorporates a master facility plan for future expansion. The timing and priorities of the plan are available as a separate document.

Table 5, shows the District's fiscal year 2025 capital budget. These projects will be financed from operations. Any master facility spending plan will be funded from operations and designated investments. More information about the District's capital assets is presented in the notes to the financial statements.

TABLE 5
Fiscal Year 2025 Capital Budget
(In Thousands)

Master Facility Plan	\$ 50,104
Contingency	600
Routine Capital	5,649
Total	\$ 56,353

**HOSPITAL SERVICE DISTRICT NO. 1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Management's Discussion and Analysis

Long-Term Debt

At March 31, 2025, the District had \$31,350,000 in bonds payable less a discount of \$50,000, for a total debt figure of \$31,300,000. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements. Total long-term debt outstanding represents 4% of the District's total assets and deferred outflows at March 31, 2025.

Contacting the District's Management

This financial report is designed to provide a general overview of the District's finances. Questions concerning information provided in this report may be addressed to the Office of Vice President of Financial Services, 8166 Main Street, Houma, Louisiana 70360.

HOSPITAL SERVICE DISTRICT NO. 1 OF TERREBONNE PARISH, STATE OF LOUISIANA

Management's Discussion and Analysis

Financial Analysis of the District

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the District's activities. These two statements report the net position of the District and changes in it. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in the healthcare industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

Financial Highlights for the Year Ended March 31, 2024

- The District's assets and deferred outflows increased by approximately \$79.1 million or 12%, primarily due to increase in funding to be received under the states supplemental Medicaid program.
- During the fiscal year, the District's total operating revenues increased from prior year by \$51.1 million , or 11%, to \$498.4 million, while operating expenses increased \$42.2 million, or 10%, to \$481.7 million. The District has income from operations of \$16.7 million, which is 3.4% of total operating revenue and represents an increase of \$8.9 million from prior year income from operations.
- During fiscal year 2024, the District qualified to receive funding from eligible supplemental Medicaid payments. The amount of this funding included in total operating revenue for the year is \$127.7 million.
- During the fiscal year, the District made significant capital acquisitions totaling approximately \$15.0 million including the following:
 - Repairs and upgrade to infrastructure of facilities
 - Various renovation projects of existing buildings
 - Purchase of medical equipment

The source of the funding for these projects was derived from operations and drawing on investments, as necessary.

**HOSPITAL SERVICE DISTRICT NO. 1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Management's Discussion and Analysis

Summary of Net Position

A summary of the District's Statements of Net Position at March 31, 2024 and 2023 is presented in Table 6 below:

TABLE 6
Condensed Statements of Net Position
(In Thousands)

	2024	2023	Change	Change
Current Assets	\$ 391,864	\$ 322,986	\$ 68,878	21%
Capital Assets, Net	177,235	178,099	(864)	0%
Other Assets, Including Board Designated and Restricted Investments	148,239	137,140	11,099	8%
Deferred Outflows of Resources	86	143	(57)	-40%
 Total Assets and Deferred Outflows of Resources	 \$ 717,424	 \$ 638,368	 \$ 79,056	 12%
 Current Liabilities	 \$ 340,495	 \$ 288,072	 \$ 52,423	 18%
Long-Term Liabilities	37,578	40,791	(3,213)	-8%
 Total Liabilities	 378,073	 328,863	 49,210	 15%
 Deferred Inflows of Resources	 4,979	 2,323	 2,656	 100%
 Net Investment in Capital Assets	 132,522	 130,882	 1,640	 1%
Restricted Net Position	5,699	5,660	39	1%
Unrestricted Net Position	196,151	170,640	25,511	15%
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 717,424	 \$ 638,368	 \$ 79,056	 12%

As can be seen in Table 6, total assets and deferred outflows increased by \$79.1 million to \$717.4 million at March 31, 2024, up from \$638.4 million at March 31, 2023.

Total current liabilities increased by \$49.2 million from March 31, 2023 to March 31, 2024, primarily as a result of the timing of payments passed through QIN to other organizations.

**HOSPITAL SERVICE DISTRICT NO. 1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Management's Discussion and Analysis

Summary of Revenues and Expenses

The following table presents a summary of the District's revenues and expenses for each of the years ended March 31, 2024 and 2023:

TABLE 7
Condensed Statements of Revenues,
Expenses, and Changes in Net Position
(In Thousands)

	2024	2023	Dollar Change	Percent Change
Net Patient Service Revenue	\$ 327,023	\$ 307,996	\$ 19,027	6%
Other Revenue, Net	171,403	139,304	32,099	23%
Total Operating Revenue	498,426	447,300	51,126	11%
Salaries and Employee Benefits	137,243	132,155	5,088	4%
Supplies and Materials	87,773	83,374	4,399	5%
Purchased Services	212,192	179,254	32,938	18%
Professional Fees	13,660	13,449	211	2%
Other Operating Expenses	10,834	12,544	(1,710)	-14%
Depreciation	19,975	18,631	1,344	7%
Total Operating Expenses	481,677	439,407	42,270	10%
Income (Loss) from Operations	16,749	7,893	8,856	112%
Provider Relief Fund	8,886	-	8,886	100%
Investment Income, Net	3,445	(2,831)	6,276	-222%
Interest Expense and Amortization	(1,229)	(1,580)	351	-22%
Other Expenses	(661)	(823)	162	-20%
Total Nonoperating Revenues (Expenses)	10,441	(5,234)	\$ 15,675	-299%
Change in Net Position	27,190	2,659		
Net Position				
Beginning of Period	307,182	304,523		
End of Period	\$ 334,372	\$ 307,182		

**HOSPITAL SERVICE DISTRICT NO. 1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Management's Discussion and Analysis

Sources of Revenue

Operating Revenue

During fiscal year 2024, the District derived the majority of its operating revenue from patient revenues. Patient revenues include revenues from the Medicare and Medicaid programs and patients, or their third-party insurers, who pay for care in the District's facilities. Reimbursement for the Medicare and Medicaid programs and the third-party insurers is based upon established contracts. The difference between the covered charges and the expected payment is recognized as a contractual allowance.

Table 8 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended March 31, 2024 and 2023:

**TABLE 8
Payor Mix**

	2024	2023
Medicare	51%	50%
Medicaid	18%	19%
Other	31%	31%
Total Patient Revenues	100%	100%

Other Operating Revenue

The District also generated other operating income of \$171.4 million in fiscal year 2024 and \$139.3 million in fiscal year 2023. Of this amount, \$127.7 million in 2024 and \$82.5 million in 2022 relates to grants from supplemental Medicaid payments. The remaining income does not relate to patient revenues, and consists primarily of rental and retail income, reference lab income, cafeteria income, and other departmental income.

Nonoperating Income

The District holds designated and restricted funds in its Statements of Net Position that are invested primarily in money market funds and securities issued by the U.S. Treasury and its agencies and other federal agencies. These investments earned \$2.8 million and \$2.5 million during fiscal years 2024 and 2023, respectively. The District also recognized \$8.9 and \$-0- million in funding received as part of the Provider Relief Fund, a relief program included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in fiscal years 2024 and 2023, respectively.

HOSPITAL SERVICE DISTRICT NO. 1 OF TERREBONNE PARISH, STATE OF LOUISIANA

Management's Discussion and Analysis

Operating and Financial Performance

The following summarizes the District's Statements of Revenues, Expenses, and Changes in Net Position between fiscal years 2024 and 2023:

Overall activity at the District, as measured by patient discharges, increased by 2% to 8,452 in 2024, compared to 8,303 in 2023. Patient days increased by 0.1% from 38,908 in 2023 to 38,948 in 2024. The average length of stay for the District remained consistent with the prior year, with the stay length at 4.7 days for both 2024 and 2023.

Net patient service revenue increased \$19.0 million, or 6%, in 2024. Contractual allowances, excluding bad debt, increased to 64% of charges in 2024 from 63% in 2023.

Excluded from net patient service revenue are charges forgone for patient services falling under the District's charity care policy. Based on established rates, gross charges of \$2.8 million were forgone in 2024 compared to \$4.2 million in 2023. Provision for bad debts remained consistent with the prior year.

Employee wages and compensation increased by \$5.1 million from the prior year. Salaries and benefits were 27.5% and 29.5% of total operating revenue in fiscal years 2024 and 2023, respectively. The cost of supplies and materials increased by \$4.4 million, or 5%, due to impact of inflation and supply chain issues. Purchased services increased during the year by \$32.9 million, mainly due to an increase in IGT expenses. Depreciation expense increased by \$1.3 million, or 7%. Total operating expenses increased by \$42.2 million, or 10%, for the year ended March 31, 2024.

**HOSPITAL SERVICE DISTRICT NO. 1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Management's Discussion and Analysis

Capital Assets

During fiscal year 2024, the District invested in a broad range of capital assets included in Table 9 below:

TABLE 9
Capital Assets
(In Thousands)

	2024	2023	Dollar Change	Percent Change
Land and Land Improvements	\$ 45,240	\$ 44,426	\$ 814	1%
Building	238,857	231,472	7,385	2%
Equipment	256,032	249,834		
Right-to-use Assets	12,372	7,483	4,889	-1%
Subtotal	552,501	533,215	13,088	0%
Less: Accumulated Depreciation	382,697	364,885	17,812	2%
Construction in Progress	7,431	9,769	(2,338)	94%
Net Capital Assets	\$ 177,235	\$ 178,099	\$ (864)	-2%

During fiscal year 2024, net capital assets decreased due to the impact of scheduled depreciation. Total additions were approximately \$19.3 million on equipment and facility initiatives and disposals accounted for approximately \$2.0 million of retired buildings and equipment. The District also has a strategic plan that incorporates a master facility plan for future expansion. The timing and priorities of the plan are available as a separate document.

In Table 10, the District's fiscal year 2024 capital budget projects spending up to \$5,776,000 for capital projects, of which 82% is for replacement or regulatory/maintenance items. These projects will be financed from operations. The master facility spending plan will be funded from operations and designated investments. More information about the District's capital assets is presented in the notes to the financial statements.

TABLE 10
Fiscal Year 2024 Capital Budget
(In Thousands)

Master Facility Plan	\$ 16,221
Contingency	1,000
Routine Capital	4,776
Total	<u>\$ 21,997</u>

**HOSPITAL SERVICE DISTRICT NO. 1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Management's Discussion and Analysis

Long-Term Debt

At March 31, 2024, the District had \$36,525,000 in bonds payable less a discount of \$60,000, for a total debt figure of \$36,465,000. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements. Total long-term debt outstanding represents 6% of the District's total assets and deferred outflows at March 31, 2024.

Independent Auditor's Report

To the Board of Commissioners
Hospital Service District No.1 of
Terrebonne Parish, State of Louisiana

Report on the Audits of the Financial Statements

Opinions

We have audited the accompanying financial statements of Hospital Service District No. 1 of Terrebonne Parish, State of Louisiana (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital Service District No. 1 of Terrebonne Parish, State of Louisiana, as of March 31, 2025 and 2024, and the respective changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, in the current year. This change in accounting principle resulted in a restatement of beginning net position for the year ended March 31, 2025. Our opinion is not modified with respect to this matter.

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 Responsibility 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 i through xv 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 that collectively comprise the District's basic financial statements. The other supplementary information on pages 36 through 42 and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on page 43, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplementary information on pages 36 through 42 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 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.



A Professional Accounting Corporation

Covington, LA
August 28, 2025

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Statements of Net Position
March 31, 2025 and 2024 (In Thousands)**

	2025	2024
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and Cash Equivalents	\$ 133,136	\$ 111,241
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts and Contractual Adjustments of \$38,600 in 2025 and \$40,130 in 2024	15,607	16,249
Estimated Net Receivables under Government Programs	14,277	10,060
Inventories	7,891	7,802
Prepaid Expenses	2,490	3,184
Other Current Assets	286,385	237,629
Funds Held by Trustee under Bond Resolution	5,759	5,699
Total Current Assets	465,545	391,864
Noncurrent Cash and Investments		
Designated by Board for Plant Replacement and Expansion, Including Accrued Interest of \$496 in 2025 and \$276 in 2024	123,223	116,633
Restricted for Capital Projects	75	71
Total Noncurrent Cash and Investments	123,298	116,704
Capital Assets		
Land and Land Improvements	46,164	45,240
Buildings	244,312	238,857
Equipment	174,487	256,032
Construction in Progress	10,598	7,431
Right-to-Use Assets	11,980	12,372
Less: Accumulated Depreciation/Amortization	(314,932)	(382,697)
Total Capital Assets, Net	172,609	177,235
Other Assets	30,727	31,535
Total Assets	792,179	717,338
Deferred Outflows of Resources	43	86
Total Assets and Deferred Outflows of Resources	\$ 792,222	\$ 717,424

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

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Statements of Net Position (Continued)
March 31, 2025 and 2024 (In Thousands)**

	2025	2024
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 314,777	\$ 199,670
Accrued Employee Compensation	16,690	7,480
Accrued Interest Payable	469	523
Self-Insurance Reserves	1,290	1,358
Other Current Liabilities	83,030	124,329
Current Maturities of Hospital Revenue Bonds	5,290	5,176
Current Maturities of Lease and SBITA Liabilities	2,089	1,959
Total Current Liabilities	423,635	340,495
Long-Term Liabilities		
Hospital Revenue Bonds, Net of Current Maturities	26,010	31,289
Lease and SBITA Liabilities, Net of Current Maturities	4,940	6,289
Total Liabilities	454,585	378,073
Deferred Inflows of Resources	4,637	4,979
Net Position		
Net Investment in Capital Assets	134,280	132,522
Restricted for Debt Service	5,759	5,699
Unrestricted	192,961	196,151
Total Net Position	333,000	334,372
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 792,222	\$ 717,424

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

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended March 31, 2025 and 2024 (In Thousands)**

	2025	2024
Operating Revenues		
Net Patient Service Revenue	\$ 328,498	\$ 327,023
Other Operating Revenue, Net	114,761	171,403
Total Operating Revenues	443,259	498,426
Operating Expenses		
Salaries, Wages, and Benefits	136,103	137,243
Supplies and Materials	95,084	87,773
Purchased Services	162,878	212,192
Professional Fees	14,340	13,660
Other Operating Expenses	12,405	10,834
Depreciation and Amortization	20,609	19,975
Total Operating Expenses	441,419	481,677
Income from Operations	1,840	16,749
Nonoperating Revenues (Expenses)		
Provider Relief Fund	-	8,886
Investment Revenue Including Unrealized Gains (Losses) of \$3,317 in 2025 and \$775 in 2024	7,666	3,445
Interest Expense	(1,118)	(1,229)
Other Expenses	(1,377)	(661)
Total Nonoperating Revenues (Expenses)	5,171	10,441
Change in Net Position	7,011	27,190
Net Position, Beginning of Year, As Previously Reported	334,372	307,182
Cummulative Effect of Change in Accounting Principle	(8,383)	-
Net Position, Beginning of Year, Restated	325,989	307,182
Net Position, End of Year	\$ 333,000	\$ 334,372

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

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Statements of Cash Flows
For the Years Ended March 31, 2025 and 2024 (In Thousands)**

	2025	2024
Cash Flows from Operating Activities		
Cash Received from Patient Services	\$ 349,002	\$ 461,014
Cash Paid to or on Behalf of Employees	(126,893)	(136,485)
Cash Paid for Supplies and Services	(169,063)	(278,486)
Net Cash Provided by (Used in) Operating Activities	53,046	46,043
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(16,299)	(16,062)
Principal Payments on Long-Term Debt	(5,175)	(5,015)
Interest Payments	(1,172)	(1,282)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(22,646)	(22,359)
Cash Flows from Investing Activities		
Interest Received on Investments	2,821	3,445
Noncurrent Cash Equivalents, Net	(11,326)	16,547
Purchase of Other Asset - Investment Entities	-	(24,000)
Net Cash Provided by (Used in) Investing Activities	(8,505)	(4,008)
Increase in Cash and Cash Equivalents	21,895	19,676
Cash and Cash Equivalents, Including Noncurrent Cash and Cash Equivalents		
Beginning of Year	111,241	91,565
End of Year	\$ 133,136	\$ 111,241

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

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Statements of Cash Flows (Continued)
For the Years Ended March 31, 2025 and 2024 (In Thousands)**

	2025	2024
Reconciliation of Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities		
Income (Loss) from Operations	\$ 1,840	\$ 16,749
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	20,609	19,975
Changes in Operating Assets and Liabilities		
Patient Accounts Receivable	642	(2,540)
Government Program Receivables	(4,217)	(2,997)
Other Assets	(48,477)	(44,644)
Accounts Payable and Accrued Liabilities	82,649	59,500
Net Cash Provided by (Used in) Operating Activities	\$ 53,046	\$ 46,043

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

HOSPITAL SERVICE DISTRICT NO.1 OF TERREBONNE PARISH, STATE OF LOUISIANA

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

Hospital Service District No. 1 of Terrebonne Parish, State of Louisiana (the District), a political subdivision of the State of Louisiana and a component unit of the Terrebonne Parish Consolidated Government, owns and operates Terrebonne General Health System (TGHS), Southern Regional Medical Corporation (SRMC), Physician Practice Partners (PPP), Acquisitions of Developing Organizations (AODO), Anesthesia Associates of Bayou Region (AABR), Terrebonne Quality Health Network (TQHN), Quality and Outcome Improvement Network, Inc. (QIN), and Terrebonne General Equity Holdings (TGEH). The TGHS campus is a 321-bed acute care facility, and the SRMC campus is a 156-bed facility, providing comprehensive medical services in southeast Louisiana. PPP was formed to employ physicians performing professional services on the TGHS campus. AODO, doing business as Diagnostic Imaging Center of Terrebonne, is an imaging center providing imaging services in southeast Louisiana off the campus of TGHS. AABR provides anesthesia services to a regional surgical center. TQHN is a clinically integrated network organized to improve quality, coordination, efficiency, and delivery of health services to the community. QIN is organized and shall be operated exclusively for the purpose of fulfilling its Member's purpose of providing access and quality healthcare services to high-risk Medicaid populations and engaging in any lawful activity permitted to be carried on by a non-profit corporation organized as such in the State of Louisiana and as directed by QIN's Member. QIN works with the Healthy Louisiana Medicaid managed care organizations and other hospitals to improve the availability and quality of care in Louisiana. TGEH was formed to hold the District's equity investments.

Basis of Presentation

The financial statements of the District include TGHS and SRMC, wholly-owned non-profit corporations formed for the purpose of entering into an agreement with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), the Louisiana Division of Administration (DOA), and the State of Louisiana through the Division of Administration (the State), and the Louisiana Department of Health (LDH). The accompanying financial statements include TGHS and the District's blended component units - SRMC, PPP, AODO, TQHN, QIN, and TGEH. All significant intercompany balances and transactions have been eliminated in the financial statements. Information regarding significant blended component units has been included on pages 32 - 34.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non-exchange transactions (principally, government grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program specific, investment income, and interest on capital assets-related debt are included in nonoperating revenues and expenses. 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.

Cash and Cash Equivalents

Cash and cash equivalents include investments in money market funds and highly liquid investments with maturities of three months or less when purchased, excluding amounts whose use is limited by the Board of Commissioners' designation or under trust agreements.

Inventories

Inventories, which consist primarily of drugs and supplies, are valued at the lower of cost (first-in, first-out) or market.

Investments

Investments are stated at fair value. Investments and the associated accrued interest are classified as noncurrent due to these funds being designated by the Board of Commissioners for funded reserves and expenditures in the acquisition or construction of capital assets. Investment income is reported as nonoperating revenues.

Other Assets

Other assets include an investment in a purchasing group, certificates of deposit that are pledged as security under various insurance plans, FMP receivables, and receivables from Medicaid managed care organizations related to QIN.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Property is recorded at acquisition cost. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets, which range from 2 to 39 years. Depreciation expense was approximately \$17,929,000 and \$17,724,000 for the years ended March 31, 2025 and 2024, respectively.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Right-to-Use Assets

Right-to-use lease and SBITA assets are initially measured at an amount equal to the initial measurement of the related lease or SBITA liability plus any payments made prior to the commencement of the term, less incentives, and plus ancillary charges necessary to place the agreement into service. The right-to-use lease and SBITA assets are amortized on a straight-line basis over the life of the related agreement.

Deferred Outflows and Inflows

Deferred outflows of resources represent the consumption of the government's net position that is applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period. The District's deferred outflows at March 31, 2025 and 2024 consist of deferred amounts on bond refinancing. The District's deferred inflows at March 31, 2025 and 2024 consist of amounts associated with the lease of the District's assets.

Net Position

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, net position is classified into three components: net investment in capital assets, restricted, and unrestricted.

These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted - This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - All other net position is reported in this category.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue and Expenses

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are included in operating income; all peripheral transactions are reported as nonoperating revenues and expenses. Other operating income for fiscal years 2025 and 2024 includes approximately \$82,500,000 and \$127,500,000, respectively, which relates to grants from supplemental Medicaid payments. Operating expenses are all expenses incurred to provide health services, other than financing costs.

Custodial Transactions

Operations of QIN are considered custodial transactions in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Thus, the District does not report revenues or expenses related to payments received from Louisiana Medicaid managed care organizations or payments made to hospitals. When QIN receives payments from Louisiana Medicaid managed care organizations, related liabilities are accrued and subsequently paid to participating hospitals.

Net Patient Service Revenue

The District has entered into agreements with third-party payors, including government programs, health insurance companies, and managed care health plans, under which the District is paid based upon established charges, the cost of providing services, predetermined rates per diagnosis, fixed per diem rates, or discounts from established charges.

Net patient service revenue is reported at the estimated net realizable amounts from patients and third-party payors for the hospital services provided. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Accounts Receivable

The District provides credit in the normal course of operations to patients located primarily in southeast Louisiana and to insurance companies conducting operations in this area.

The District maintains allowances for contractual adjustments and doubtful accounts based on management's assessment of collectability, current economic conditions, and prior experience. The District determines if patient accounts receivable are past due based on the discharge date; however, the District does not charge interest on past due accounts. The District charges off patient accounts receivable if management considers the collection of the outstanding balances to be doubtful.

For the years ended March 31, 2025 and 2024, the District recorded allowance for doubtful accounts totaling approximately \$15,400,000 and \$15,200,000, respectively. For the years ended March 31, 2025 and 2024, the District recorded allowance for contractual adjustments totaling approximately \$23,200,000 and \$24,900,000, respectively.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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. Records of charges forgone for services and supplies furnished under the charity care policy are maintained to identify and monitor the level of charity care provided. The District's charity care provided during the years ended March 31, 2025 and 2024, measured at established rates, totaled approximately \$21,056,000 and \$14,441,000, respectively. See Note 11 for further details of the District's community support.

Income Taxes

The District is exempt from federal income taxation as a political subdivision of the State of Louisiana and, accordingly, the accompanying financial statements do not include any provision for income taxes.

Professional Liability Claims

The provision for estimated malpractice claims includes estimates of the ultimate cost for both reported claims and claims incurred but not reported. The District has not experienced material losses from professional liability claims in the past.

Compensated Absences

The District's employees earn vacation days at varying rates depending on years of service. Generally, on the employee's anniversary date, any unused days greater than one and a half year accrual would expire. Employees also earn sick leave benefits; however, sick leave does not vest and is not accrued.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the allowance for uncollectible accounts receivable and amounts estimated to be recovered from third-party payors are particularly sensitive estimates and are subject to change.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net position.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements - Adopted

The District adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The primary objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. The adoption of the pronouncement did not have a material effect on the District's financial statements.

The District adopted the provisions of GASB Statement No. 101, *Compensated Absences*, in the current fiscal year. The Statement updates the recognition and measurement guidance for compensated absences, including vacation, sick leave, and other paid time off benefits.

As a result of the implementation, the District recorded a cumulative change in accounting principle that decreased beginning net position by \$8,383,000 as of March 31, 2024. The District presents comparative financial statements and determined that it was not practicable to restate the prior year (fiscal year 2023) due to change in financial reporting software during the prior year which impacted necessary historical data. Accordingly, the cumulative effect of the change has been recognized in the current year only.

Recently Issued Accounting Pronouncements - Not Yet Adopted

The GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires new disclosure requirements about concentrations and constraints to state and local governmental entities that could affect their programs and services or a government's ability to meet its obligations. The Statement is effective for fiscal years beginning after June 15, 2024.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of the Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement is effective for fiscal years beginning after June 15, 2025.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of the Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement is effective for fiscal years beginning after June 15, 2025.

Management is currently determining the expected impact of implementation of the above standards on the financial statements and notes to the financial statements.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 2. Cash and Cash Equivalents and Investments

The composition of board-designated and restricted cash, cash equivalents, and investments at March 31, 2025 is set forth below (in thousands):

March 31, 2025	Cash and Cash Equivalents	Fixed Income Investments	Other Assets	Total
Board-Designated	\$ 4,507	\$ 112,205	\$ 6,139	\$ 122,851
Accrued Interest	-	-	372	372
Total Board-Designated	4,507	112,205	6,511	123,223
Restricted				
2013 Bond Issue				
Interest Expense Fund	290	-	-	290
Principal Fund	220	-	-	220
Total 2013 Bond Issue	510	-	-	510
2016 Supplemental Bond Issue				
Interest Expense Fund	39	-	-	39
Principal Fund	2,120	-	-	2,120
Construction Fund	75	-	-	75
Total 2016 Supplemental Bond Issue	2,234	-	-	2,234
2017 Supplemental Bond Issue				
Interest Expense Fund	57	-	-	57
Principal Fund	1,090	-	-	1,090
Total 2017 Supplemental Bond Issue	1,147	-	-	1,147
2020 Supplemental Bond Issue				
Interest Expense Fund	83	-	-	83
Principal Fund	1,860	-	-	1,860
Total 2020 Supplemental Bond Issue	1,943	-	-	1,943
Total Board-Designated and Restricted Cash, Cash Equivalents, and Investments	\$ 10,341	\$ 112,205	\$ 6,511	\$ 129,057

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 2. Cash and Cash Equivalents and Investments (Continued)

The composition of board-designated and restricted cash, cash equivalents, and investments at March 31, 2024 is set forth below (in thousands):

March 31, 2024	Cash and Cash Equivalents	Fixed Income Investments	Other Assets	Total
Board-Designated	\$ 2,660	\$ 107,558	\$ 6,139	\$ 116,357
Accrued Interest	-	-	276	276
Total Board-Designated	2,660	107,558	6,415	116,633
Restricted				
2013 Bond Issue				
Interest Expense Fund	294	-	-	294
Principal Fund	210	-	-	210
Total 2013 Bond Issue	504	-	-	504
2016 Supplemental Bond Issue				
Interest Expense Fund	58	-	-	58
Principal Fund	2,080	-	-	2,080
Construction Fund	71	-	-	71
Total 2016 Supplemental Bond Issue	2,209	-	-	2,209
2017 Supplemental Bond Issue				
Interest Expense Fund	70	-	-	70
Principal Fund	1,065	-	-	1,065
Total 2017 Supplemental Bond Issue	1,135	-	-	1,135
2020 Supplemental Bond Issue				
Interest Expense Fund	102	-	-	102
Principal Fund	1,820	-	-	1,820
Total 2020 Supplemental Bond Issue	1,922	-	-	1,922
Total Board-Designated and Restricted Cash, Cash Equivalents, and Investments	\$ 8,430	\$ 107,558	\$ 6,415	\$ 122,403

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 2. Cash and Cash Equivalents and Investments (Continued)

Louisiana state statutes authorize the District to invest in obligations of the U.S. Treasury and other federal agencies, time deposits with state banks and national banks having their principal offices in the State of Louisiana, guaranteed investment contracts issued by highly rated financial institutions, and certain investments with qualifying mutual or trust fund institutions. Due to these restrictions, the District does not have a formal policy that limits the types of investments. During the years ended March 31, 2025 and 2024, the District invested primarily in securities issued by the U.S. Treasury and other federal agencies.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The standardized ratings systems are a tool with which to assess credit risk on debt obligations. The following table can be used in determining the level of exposure to credit risk as of March 31, 2025 and 2024 (in thousands):

Risk Rating	Fair Value at March 31, 2025	Fair Value at March 31, 2024
AAA	\$ 35,439	\$ 32,330
AA	7,137	12,980
A	2,110	4,846
BBB	165	-
Other	7,308	6,139
	52,159	56,295
U.S. Government or Obligations		
Explicitly Guaranteed	58,339	57,402
Mutual Funds - Mixed (Not Rated)	7,846	-
Total	\$ 118,344	\$ 113,697

Obligations of the U.S. government or explicitly guaranteed by the U.S. government are not considered to have credit risk. The investments qualifying for this classification total \$58,339,000 and \$57,402,000 in fair market value at March 31, 2025 and 2024, respectively. The District had investments in obligations that are implicitly guaranteed by the U.S. government and therefore have credit risk exposure, with a fair value of \$52,159,000 and \$56,295,000 at March 31, 2025 and 2024, respectively.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 2. Cash and Cash Equivalents and Investments (Continued)

Concentration of Credit Risk

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, concentration of credit risk is defined as the risk of loss attributed to the magnitude of 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. The District has investments in Federal Home Loan Mortgage Corporation and Federal National Mortgage Association that represented 5.9% and 23.5%, respectively, of the total investments at March 31, 2025, and 7.0% and 22.9%, respectively, of the total investments at March 31, 2024.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. As of March 31, 2025, approximately \$137.9 million of the District's bank balance of \$140.1 million was exposed to credit risk as uninsured and collateralized with securities held by the pledging financial institution.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of March 31, 2025 and 2024, the District was not exposed to custodial credit risk for its investments as all were registered in the name of the District.

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Interest rate risk inherent in the portfolio is measured by monitoring the segmented time distribution of the investments in the portfolio.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 2. Cash and Cash Equivalents and Investments (Continued)

Interest Rate Risk - Investments (Continued)

The tables below summarize the District's segmented time distribution investment maturities in years by investment type as of March 31, 2025 and 2024 (in thousands):

March 31, 2025	Fair Value	Maturity in Years		
		<1	1 to 5	>5
U.S. Treasuries	\$ 31,733	\$ 1,375	\$ 15,877	\$ 14,481
Federal National Mortgage Association	27,824	3,151	6,933	17,740
Federal Home Loan Mortgage Corporation	6,988	694	1,431	4,863
Government National Mortgage Association	5,675	-	75	5,600
Small Business Association	16,903	92	1,984	14,827
Other Securities Guaranteed by the U.S. Government	4,028	392	300	3,336
Corporate and Municipal Debt Securities	11,208	4,491	4,250	2,467
Mutual Fund - Mixed	7,846	7,846	-	-
Certificates of Deposit	6,139	6,139	-	-
Total	\$ 118,344	\$ 24,180	\$ 30,850	\$ 63,314

March 31, 2024	Fair Value	Maturity in Years		
		<1	1 to 5	>5
U.S. Treasuries	\$ 23,317	\$ -	\$ 12,988	\$ 10,329
Federal National Mortgage Association	26,090	18,528	667	6,895
Federal Home Loan Mortgage Corporation	7,994	-	2,612	5,382
Government National Mortgage Association	5,923	-	-	5,923
Small Business Association	17,425	814	-	16,611
Other Securities Guaranteed by the U.S. Government	10,737	579	7,256	2,902
Corporate and Municipal Debt Securities	16,072	3,035	10,352	2,685
Certificates of Deposit	6,139	6,139	-	-
Total	\$ 113,697	\$ 29,095	\$ 33,875	\$ 50,727

Note 3. Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of March 31, 2025 and 2024. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 3. Fair Value Measurements (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investments classified in Level 3 of the fair value hierarchy are valued using significant unobservable inputs in the valuation process. Level 3 investments consist primarily of corporate and municipal debt securities. The valuation techniques employed to determine the fair value of these investments involve valuation techniques such as discounted cash flow analysis and pricing models. The use of Level 3 inputs may result in higher measurement uncertainty compared to assets with more observable market data.

A summary of the District's investments along with the fair value hierarchy levels of each type of investment is as follows as of March 31, 2025 (in thousands):

March 31, 2025	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Fixed Income Securities				
U.S. Treasuries	\$ 31,733	\$ 31,733	\$ -	\$ -
Federal National Mortgage Association	27,824	1,581	26,243	-
Federal Home Loan Mortgage Corporation	6,988	-	6,988	-
Government National Mortgage Association	5,675	-	5,675	-
Small Business Association	16,903	-	16,903	-
Other Securities Guaranteed by the U.S. Government	4,028	-	4,028	-
Total Fixed Income Securities	93,151	33,314	59,837	-
Corporate and Municipal Debt Securities	11,208	3,658	7,204	346
Mutual Fund - Mixed	7,846	7,846	-	-
Certificates of Deposit	6,139	-	6,139	-
Total Investments by Fair Value Level	\$ 118,344	\$ 44,818	\$ 73,180	\$ 346

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 3. Fair Value Measurements (Continued)

A summary of the District's investments along with the fair value hierarchy levels of each type of investment is as follows as of March 31, 2024 (in thousands):

March 31, 2024	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Fixed Income Securities				
U.S. Treasuries	\$ 23,317	\$ 23,317	\$ -	\$ -
Federal National Mortgage Association	26,090	3,819	22,271	-
Federal Home Loan Mortgage Corporation	7,994	-	7,994	-
Government National Mortgage Association	5,923	-	5,923	-
Small Business Association	17,425	-	17,425	-
Other Securities Guaranteed by the U.S. Government	10,737	993	9,744	-
Total Fixed Income Securities	91,486	28,129	63,357	-
Corporate and Municipal Debt Securities	16,072	5,592	9,123	1,357
Certificates of Deposit	6,139	-	6,139	-
Total Investments by Fair Value Level	\$ 113,697	\$ 33,721	\$ 78,619	\$ 1,357

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 4. Capital Assets

The summary of changes in capital assets for the year ended March 31, 2025 is as follows (in thousands):

	Balance March 31, 2024	Additions	Retirements/ Transfers	Balance March 31, 2025
Capital Assets Not Being Depreciated				
Land	\$ 36,462	\$ 850	\$ -	\$ 37,312
Construction in Progress	7,431	14,598	(11,431)	10,598
Total Capital Assets Not Being Depreciated	43,893	15,448	(11,431)	47,910
Capital Assets Being Depreciated				
Land Improvements	8,778	74	-	8,852
Buildings	238,857	5,506	(51)	244,312
Equipment	256,032	5,557	(87,102)	174,487
Total Capital Assets Being Depreciated	503,667	11,137	(87,153)	427,651
Less: Accumulated Depreciation				
Land Improvements	8,331	64	-	8,395
Buildings	152,326	7,143	(51)	159,418
Equipment	218,386	10,722	(86,541)	142,567
Total Accumulated Depreciation	379,043	17,929	(86,592)	310,380
Capital Assets Being Depreciated, Net	124,624	(6,792)	(561)	117,271
Capital Assets Being Amortized				
Right-to-Use Leased Medical Equipment	8,612	-	(241)	8,371
Right-to-Use SBITA Assets	3,760	1,166	(1,317)	3,609
Total Capital Assets Being Amortized	12,372	1,166	(1,558)	11,980
Less: Accumulated Amortization				
Right-to-Use Leased Medical Equipment	2,336	1,186	(217)	3,305
Right-to-Use SBITA Assets	1,318	722	(793)	1,247
Total Accumulated Amortization	3,654	1,908	(1,010)	4,552
Capital Assets Being Amortized, Net	8,718	(742)	(548)	7,428
Total Capital Assets, Net	\$ 177,235	\$ 7,914	\$ (12,540)	\$ 172,609

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 4. Capital Assets (Continued)

The summary of changes in capital assets for the year ended March 31, 2024 is as follows (in thousands):

	Balance March 31, 2023	Additions	Retirements/ Transfers	Balance March 31, 2024
Capital Assets Not Being Depreciated				
Land	\$ 35,744	\$ 718	\$ -	\$ 36,462
Construction in Progress	9,769	13,265	(15,603)	7,431
Total Capital Assets Not Being Depreciated	45,513	13,983	(15,603)	43,893
Capital Assets Being Depreciated				
Land Improvements	8,682	96	-	8,778
Buildings	231,472	8,014	(629)	238,857
Equipment	249,834	7,578	(1,380)	256,032
Total Capital Assets Being Depreciated	489,988	15,688	(2,009)	503,667
Less: Accumulated Depreciation				
Land Improvements	8,271	60	-	8,331
Buildings	145,598	7,357	(629)	152,326
Equipment	209,425	10,307	(1,346)	218,386
Total Accumulated Depreciation	363,294	17,724	(1,975)	379,043
Capital Assets Being Depreciated, Net	126,694	(2,036)	(34)	124,624
Capital Assets Being Amortized				
Right-to-Use Leased Medical Equipment	5,902	2,710	-	8,612
Right-to-Use SBITA Assets	1,581	2,179	-	3,760
Total Capital Assets Being Amortized	7,483	4,889	-	12,372
Less: Accumulated Amortization				
Right-to-Use Leased Medical Equipment	1,023	1,313	-	2,336
Right-to-Use SBITA Assets	568	750	-	1,318
Total Accumulated Amortization	1,591	2,063	-	3,654
Capital Assets Being Amortized, Net	5,892	2,826	-	8,718
Total Capital Assets, Net	\$ 178,099	\$ 14,773	\$ (15,637)	\$ 177,235

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 5. Hospital Revenue Bonds

The following table summarizes the District's outstanding revenue bonds at March 31, 2025 and 2024 (in thousands):

	March 31, 2024	Additions	Deductions	March 31, 2025	Due Within One Year
Hospital Revenue Bonds, Series 2013, 2.75% to 4%	\$ 15,055	\$ -	\$ 210	\$ 14,845	\$ 220
Hospital Revenue Bonds, Series 2016, 1.83%	6,360	-	2,080	4,280	2,120
Hospital Revenue Bonds, Series 2017, 2.49%	5,585	-	1,065	4,520	1,090
Hospital Revenue Bonds, Series 2020, 2.15%	9,525	-	1,820	7,705	1,860
	36,525	-	5,175	31,350	5,290
Less: Bond Discount	60	-	10	50	-
Long-Term Portion of Hospital Revenue Bonds	\$ 36,465	\$ -	\$ 5,165	\$ 31,300	\$ 5,290

	March 31, 2023	Additions	Deductions	March 31, 2024	Due Within One Year
Hospital Revenue Bonds, Series 2013, 2.75% to 4%	\$ 15,260	\$ -	\$ 205	\$ 15,055	\$ 210
Hospital Revenue Bonds, Series 2016, 1.83%	8,400	-	2,040	6,360	2,080
Hospital Revenue Bonds, Series 2017, 2.49%	6,605	-	1,020	5,585	1,065
Hospital Revenue Bonds, Series 2020, 2.15%	11,275	-	1,750	9,525	1,820
	41,540	-	5,015	36,525	5,175
Less: Bond Discount	72	-	12	60	-
Long-Term Portion of Hospital Revenue Bonds	\$ 41,468	\$ -	\$ 5,003	\$ 36,465	\$ 5,175

On January 1, 2020, the District completed the issuance of \$14,660,000 of Series 2020 Revenue Refunding Bonds for the purpose of refunding the 2010 Series Bonds and paying for the cost of issuing the bonds. The 2020 bonds are serial bonds with semiannual interest payments due April 1st and October 1st of each year. The bonds mature in calendar year 2028 and are subject to mandatory redemption in varying amounts through 2028. The District is funding maturities through a sinking fund that requires the District to fund debt service up to approximately \$1,990,000 annually through fiscal year 2029. The bonds are secured by a pledge and assignment of all revenue, after operating expenses, derived by the District. The bonds are also secured by a mortgage and security agreement of the land on which the District is located. Under the terms of the bond agreement, certain maturities of principal due on the bonds, as well as interest accruing on the bonds, must be funded to the trustee prior to actual payment to the bondholders.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 5. Hospital Revenue Bonds (Continued)

On September 28, 2017, the District completed the issuance of \$8,970,000 of Series 2017 Revenue Refunding Bonds to refund a portion of the 2010 Series Bonds and pay for the cost of issuing the bonds. The 2017 bonds are serial bonds with semiannual interest payments due April 1st and October 1st of each year. The bonds mature in calendar year 2028 and are subject to mandatory redemption in varying amounts through 2028. The District is funding maturities through a sinking fund that requires the District to fund debt service up to approximately \$1,170,000 annually through fiscal year 2029. The bonds are secured by a pledge and assignment of all revenue, after operating expenses, derived by the District. The bonds are also secured by a mortgage and security agreement of the land on which the District is located. Under the terms of the bond agreement, certain maturities of principal due on the bonds, as well as interest accruing on the bonds, must be funded to the trustee prior to actual payment to the bondholders.

On August 1, 2016, the District completed the issuance of \$20,000,000 of Series 2016 Bonds. The 2016 bonds are serial bonds with semiannual interest payments due April 1st and October 1st of each year. The bonds mature in calendar year 2026 and are subject to mandatory redemption in varying amounts through 2026. The District is funding maturities through a sinking fund that requires the District to fund debt service up to approximately \$2,160,000 annually through fiscal year 2027. The bonds are secured by a pledge and assignment of all revenue, after operating expenses, derived by the District. The bonds are also secured by a mortgage and security agreement of the land on which the District is located. Under the terms of the bond agreement, certain maturities of principal due on the bonds, as well as interest accruing on the bonds, must be funded to the trustee prior to actual payment to the bondholders.

On April 1, 2013, the District completed the issuance of \$16,815,000 of Series 2013 Revenue Refunding Bonds to refund the Series 2003 Bonds and pay for the cost of issuing the bonds. The 2013 bonds are serial bonds with semiannual interest payments due April 1st and October 1st of each year. The bonds mature in varying installments through calendar year 2034 and the bonds maturing in 2029 and 2033 are subject to mandatory redemption through a sinking fund that requires the District to fund debt service up to approximately \$4,105,000 annually through fiscal year 2034. The bonds are secured by a pledge and assignment of all revenue, after operating expenses, derived by the District. The bonds are also secured by a mortgage and security agreement of the land on which the District is located. Under the terms of the bond agreement, certain maturities of principal due on the bonds, as well as interest accruing on the bonds, must be funded to the trustee prior to actual payment to the bondholders.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 5. Hospital Revenue Bonds (Continued)

The scheduled maturities of the long-term debt are as follows (in thousands):

Year Ending March 31,	Principal	Interest
2026	\$ 5,290	\$ 881
2027	5,415	765
2028	3,320	668
2029	3,400	588
2030	3,950	473
2031 - 2034	9,975	675
Total	\$ 31,350	\$ 4,050

The District was in compliance with all covenants of its outstanding bond issues at March 31, 2025 and 2024.

Note 6. Third-Party Payor Arrangements

The District receives payment from federal and state agencies (under Medicare and Medicaid programs) for services rendered to program beneficiaries. A summary of the percentage of the District's net patient revenue related to patients participating in the Medicare and Medicaid programs is as follows:

	2025	2024
Medicare	48.9%	40.3%
Medicaid	14.7%	13.2%

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near-term. 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 potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 6. Third-Party Payor Arrangements (Continued)

Regulations in effect require annual retroactive settlements for costs reimbursed under these federal programs based upon cost reports filed by the District. The difference between the estimate of these settlements and the final determination of amounts earned under cost reimbursement and prospective payment activities is subject to review by the appropriate governmental authority or its agents. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near-term.

These adjustments resulted in a change to net patient service revenue of approximately \$200,000 in 2025 and \$162,000 in 2024. Estimated settlements through March 31, 2021 for the Medicare program and through March 31, 2019 for the Medicaid program have been reviewed by program representatives, and adjustments have been recorded to reflect any revisions to the recorded estimates required. The settlement of these cost reports provides the District with updated information that serves as the basis to adjust estimated settlement amounts. Management believes that adequate provision has been made for adjustments that may result from the final determination of amounts earned under these programs.

Note 7. Net Patient Service Revenue

Net patient service revenue was comprised of the following (in thousands):

	2025	2024
Total Gross Patient Service Charges, Excluding Charity Care	\$ 1,072,099	\$ 970,179
Contractual and Other Allowances		
Medicare	399,227	366,993
Medicaid	116,080	123,315
Other	210,896	136,203
Provisions for Bad Debts	17,398	16,645
Total Contractual and Other Allowances	743,601	643,156
Net Patient Service Revenue	\$ 328,498	\$ 327,023

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 8. Retirement Plans

The District has a contributory money accumulation pension plan covering all of its full-time employees of TGHS. Plan participants may contribute to the pension plan. The District contributes amounts from 4% to 6% of each participant's salary to the plan depending upon length of service. Pension expense was approximately \$2,893,000 in 2025 and \$3,115,000 in 2024.

The District has a deferred compensation plan open to SRMC employees who are over the age of 18 and who have met eligibility requirements. Contributions by the District include matching contributions to the employee up to 2% of the employee's compensation. Total employer contributions to the plan were approximately \$314,000 in 2025 and \$298,000 in 2024.

Note 9. Commitments and Contingencies

The District participates in the State of Louisiana Patients' Compensation Fund (the Fund) for professional liability coverage. As a participant, the District receives professional liability coverage on a claims-occurrence basis for claims up to the \$500,000 statutory limitation per occurrence. However, the District is self-insured with respect to the first \$100,000 of each claim.

The District is self-insured for workers' compensation up to \$500,000 per claim and for employee health insurance up to \$250,000 per claim. 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 reevaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

The District purchased commercial insurance that provides coverage for professional liability, workers' compensation, and employee health claims in excess of the self-insured limits. Changes in the District's aggregate claims liability for medical malpractice, workers' compensation, and employee health insurance in fiscal years 2025 and 2024 were as follows (in thousands):

Year Ended March 31,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year End
2025	\$ 1,358	\$ 13,759	\$ 13,827	\$ 1,290
2024	\$ 1,180	\$ 11,968	\$ 11,790	\$ 1,358

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 9. Commitments and Contingencies (Continued)

Insurance coverage for other loss and liability exposures is maintained at levels considered appropriate by management. The District has been named as a defendant in various legal actions arising from normal business activities, in which damages in various amounts are claimed. The amount of ultimate liability, if any, with respect to such matters cannot be determined, but management believes that any such liability would not have a material effect on the District's financial position.

The District has signed several contracts with major contractors for various projects. A majority of these projects are for building and equipment.

Note 10. Leases and SBITA

Lessee - Leases and SBITA Liabilities

A summary of the changes in the District's lease and SBITA liabilities during fiscal years 2025 and 2024 is as follows (in thousands):

	March 31, 2024	Additions/ Changes	Retirements/ Payments	March 31, 2025	Due Within One Year
Lease Liabilities	\$ 6,212	\$ -	\$ 1,120	\$ 5,092	\$ 1,144
SBITA Liabilities	2,036	1,071	1,170	1,937	938
Total	\$ 8,248	\$ 1,071	\$ 2,290	\$ 7,029	\$ 2,082
	March 31, 2023	Additions/ Changes	Retirements/ Payments	March 31, 2024	Due Within One Year
Lease Liabilities	\$ 4,736	\$ 2,710	\$ 1,234	\$ 6,212	\$ 1,124
SBITA Liabilities	1,013	2,179	1,156	2,036	835
Total	\$ 5,749	\$ 4,889	\$ 2,390	\$ 8,248	\$ 1,959

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 10. Leases and SBITA (Continued)

Principal and interest payments due on lease liabilities are as follows (in thousands):

Year Ending March 31,	Lease Liabilities		SBITA Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 1,144	\$ 104	\$ 938	\$ 32
2027	1,178	77	847	13
2028	1,205	49	75	3
2029	1,233	21	77	1
2030	332	2	-	-
Total	\$ 5,092	\$ 253	\$ 1,937	\$ 49

Lessor

The District leases office space and clinical facilities, generally to members of its medical staff, under leases whose terms range from one to five years. The District has recorded a receivable and deferred inflow of resources totaling approximately \$4.6 million and \$1.2 million for the years ended March 31, 2025 and 2024, respectively. During the years ended March 31, 2025 and 2024, the District recognized approximately \$1.9 million and \$1.7 million, respectively, under the terms of these leases. The lease payments to be received from these leases during the next five years are as follows (in thousands):

Year Ending March 31,	Amount
2026	\$ 1,505
2027	1,222
2028	921
2029	711
2030	59
Thereafter	201

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 11. Community Support (Unaudited)

The District is an active and caring member of the community. Its mission of providing and improving medical care in the region as well as its participation in community activities is a long-standing tradition of service provided to benefit the broader community.

The District has served the community during the years ended March 31, 2025 and 2024 as follows (in thousands):

	2025	2024
Care for the Indigent		
Traditional Charity Care (in Charges)	\$ 5,549	\$ 2,769
Self Pay Discounts (in Charges)	15,507	11,672
Unreimbursed Government Program Costs		
Unpaid Costs of State Programs	7,556	6,602
Unpaid Costs of Federally Funded Programs	18,890	15,225
Benefits for Community and Region		
Community Health Services	2,403	1,789
Community Building Activities	231	238
Community Benefit Operations	242	165
Health Professions Education	480	480
Subsidized Health Services	3,137	4,726
Community Outreach	364	351
Costs and Services Directly Provided to the Community	6,857	7,749
Total Quantifiable Community Benefits	\$ 54,359	\$ 44,017

The amount reported as care for the indigent represents billings for services provided based on the District's charge rates to persons who cannot afford healthcare because of unavailable resources or who are uninsured. Benefits for the broader community include the unpaid cost of treating Medicare and Medicaid beneficiaries in excess of government payments and services provided to other needy populations that may not qualify as indigent but that require special services and support. Examples include the cost of health promotion and education, costs in providing access to services, and health clinics and screenings, all of which benefit the broader community.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 12. Blended Component Unit Information

The following tables include condensed combining statement of net position information for the District and its blended component unit as of March 31, 2025 and 2024:

	March 31, 2025			
	TGHS	SRMC	Elimination	Total
Assets and Deferred Outflows of Resources				
Current Assets	\$ 87,101	\$ 378,444	\$ -	\$ 465,545
Noncurrent Cash and Investments	123,298	-	-	123,298
Capital Assets, Net	155,804	16,805	-	172,609
Other Assets	30,724	3	-	30,727
Deferred Outflows of Resources	43	-	-	43
Total Assets and Deferred Outflows of Resources	\$ 396,970	\$ 395,252	\$ -	\$ 792,222
	TGHS	SRMC	Elimination	Total
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities	\$ 44,277	\$ 379,358	\$ -	\$ 423,635
Long-Term Liabilities, Less				
Amounts due Within One Year	30,183	767	-	30,950
Deferred Inflows of Resources	4,620	17	-	4,637
Net Position	317,890	15,110	-	333,000
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 396,970	\$ 395,252	\$ -	\$ 792,222
	TGHS	SRMC	Elimination	Total
Assets and Deferred Outflows of Resources				
Current Assets	\$ 89,434	\$ 302,430	\$ -	\$ 391,864
Noncurrent Cash and Investments	116,704	-	-	116,704
Capital Assets, Net	158,550	18,685	-	177,235
Other Assets	31,514	21	-	31,535
Deferred Outflows of Resources	86	-	-	86
Total Assets and Deferred Outflows of Resources	\$ 396,288	\$ 321,136	\$ -	\$ 717,424
	TGHS	SRMC	Elimination	Total
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities	\$ 35,499	\$ 304,996	\$ -	\$ 340,495
Long-Term Liabilities, Less				
Amounts due Within One Year	36,581	997	-	37,578
Deferred Inflows of Resources	4,946	33	-	4,979
Net Position	319,262	15,110	-	334,372
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 396,288	\$ 321,136	\$ -	\$ 717,424

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 12. Blended Component Unit Information (Continued)

The following tables include condensed combining statement of revenues, expenses, and changes in net position information for the District and its blended component unit as of March 31, 2025 and 2024:

	March 31, 2025			
	TGHS	SRMC	Elimination	Total
Operating Revenues	\$ 267,454	\$ 175,805	\$ -	\$ 443,259
Operating Expenses	265,653	175,766	-	441,419
Income from Operations	1,801	39	-	1,840
Nonoperating Revenues (Expenses)	5,210	(39)	-	5,171
Change in Net Position	7,011	-	-	7,011
Net Position, Beginning of Year, Restated	310,879	15,110	-	325,989
Net Position, End of Year	<u>\$ 317,890</u>	<u>\$ 15,110</u>	<u>\$ -</u>	<u>\$ 333,000</u>
	March 31, 2024			
	TGHS	SRMC	Elimination	Total
Operating Revenues	\$ 271,905	\$ 226,521	\$ -	\$ 498,426
Operating Expenses	258,781	222,896	-	481,677
Income from Operations	13,124	3,625	-	16,749
Nonoperating Revenues (Expenses)	1,597	8,844	-	10,441
Change in Net Position	14,721	12,469	-	27,190
Net Position, Beginning of Year	304,541	2,641	-	307,182
Net Position, End of Year	<u>\$ 319,262</u>	<u>\$ 15,110</u>	<u>\$ -</u>	<u>\$ 334,372</u>

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Financial Statements

Note 12. Blended Component Unit Information (Continued)

The following tables include condensed combining statement of cash flows information for the District and its blended component unit as of March 31, 2025 and 2024:

	March 31, 2025			
	TGHS	SRMC	Elimination	Total
Cash Flows from Operating Activities	\$ 5,163	\$ 47,883	\$ -	\$ 53,046
Cash Flows from Capital and Related Financing	(21,708)	(938)	-	(22,646)
Cash Flows from Investing Activities	(8,505)	-	-	(8,505)
Increase in Cash and Cash Equivalents	(25,050)	46,945	-	21,895
Cash and Cash Equivalents, Including Noncurrent Cash and Cash Equivalents Beginning of Year	43,944	67,297	-	111,241
End of Year	\$ 18,894	\$ 114,242	\$ -	\$ 133,136

	March 31, 2024			
	TGHS	SRMC	Elimination	Total
Cash Flows from Operating Activities	\$ 24,885	\$ 21,158	\$ -	\$ 46,043
Cash Flows from Capital and Related Financing	(20,712)	(1,647)	-	(22,359)
Cash Flows from Investing Activities	(4,008)	-	-	(4,008)
Increase in Cash and Cash Equivalents	165	19,511	-	19,676
Cash and Cash Equivalents, Including Noncurrent Cash and Cash Equivalents Beginning of Year	43,779	47,786	-	91,565
End of Year	\$ 43,944	\$ 67,297	\$ -	\$ 111,241

OTHER SUPPLEMENTARY INFORMATION

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Combining Statement of Net Position
March 31, 2025 (In Thousands)**

Schedule 1

	TGHS	SRMC	Elimination	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and Cash Equivalents	\$ 18,894	\$ 114,242	\$ -	\$ 133,136
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts and Contractual Adjustments of \$38,600	9,857	5,750	-	15,607
Estimated Net Receivables under Government Programs	12,632	1,645	-	14,277
Inventories	6,378	1,513	-	7,891
Prepaid Expenses	2,449	41	-	2,490
Other Current Assets	31,132	255,253	-	286,385
Funds Held by Trustee under Bond Resolution	5,759	-	-	5,759
Total Current Assets	87,101	378,444	-	465,545
Noncurrent Cash and Investments				
Designated by Board for Plant Replacement and Expansion Including Accrued Interest of \$496	123,223	-	-	123,223
Restricted for Capital Projects	75	-	-	75
Total Noncurrent Cash and Investments	123,298	-	-	123,298
Capital Assets				
Land and Land Improvements	46,164	-	-	46,164
Buildings	228,866	15,446	-	244,312
Equipment	158,504	15,983	-	174,487
Construction in Progress	10,598	-	-	10,598
Right-to-Use Assets	9,771	2,209	-	11,980
Less: Accumulated Depreciation/Amortization	(298,099)	(16,833)	-	(314,932)
Total Capital Assets, Net	155,804	16,805	-	172,609
Other Assets	30,724	3	-	30,727
Total Assets	396,927	395,252	-	792,179
Deferred Outflows of Resources				
	43	-	-	43
Total Assets and Deferred Outflows of Resources	\$ 396,970	\$ 395,252	\$ -	\$ 792,222

See independent auditor's report.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Combining Statement of Net Position (Continued)
March 31, 2025 (In Thousands)**

Schedule 1

	TGHS	SRMC	Elimination	Total
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts Payable and Accrued Expenses	\$ 18,690	\$ 296,087	\$ -	\$ 314,777
Accrued Employee Compensation	15,443	1,247	-	16,690
Accrued Interest Payable	469	-	-	469
Self-Insurance Reserves	1,290	-	-	1,290
Other Current Liabilities	1,239	81,791	-	83,030
Current Maturities of Hospital Revenue Bonds	5,290	-	-	5,290
Current Maturities of Lease and SBITA Liabilities	1,856	233	-	2,089
Total Current Liabilities	44,277	379,358	-	423,635
Long-Term Liabilities				
Hospital Revenue Bonds, Net of Current Maturities	26,010	-	-	26,010
Lease and SBITA Liabilities, Net of Current Maturities	4,173	767	-	4,940
Total Liabilities	74,460	380,125	-	454,585
Deferred Inflows of Resources	4,620	17	-	4,637
Net Position				
Net Investment in Capital Assets	118,475	15,805	-	134,280
Restricted for Debt Service	5,759	-	-	5,759
Unrestricted	193,656	(695)	-	192,961
Total Net Position	317,890	15,110	-	333,000
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 396,970	\$ 395,252	\$ -	\$ 792,222

See independent auditor's report.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Combining Statement of Revenues, Expenses,
and Changes in Net Position
For the Year Ended March 31, 2025 (In Thousands)**

Schedule 2

	TGHS	SRMC	Elimination	Total
Operating Revenues				
Net Patient Service Revenue	\$ 239,717	\$ 88,781	\$ -	\$ 328,498
Other Operating Revenue, Net	27,737	87,024	-	114,761
Total Operating Revenues	267,454	175,805	-	443,259
Operating Expenses				
Salaries, Wages, and Benefits	120,421	15,682	-	136,103
Supplies and Materials	70,347	24,737	-	95,084
Purchased Services	32,603	130,275	-	162,878
Professional Fees	14,340	-	-	14,340
Other Operating Expenses	9,891	2,514	-	12,405
Depreciation and Amortization	18,051	2,558	-	20,609
Total Operating Expenses	265,653	175,766	-	441,419
Income from Operations	1,801	39	-	1,840
Nonoperating Revenues (Expenses)				
Investment Revenue Including				
Unrealized Gains, Net	7,666	-	-	7,666
Interest Expense	(1,081)	(37)	-	(1,118)
Other Revenue (Expenses)	(1,375)	(2)	-	(1,377)
Total Nonoperating Revenues (Expenses)	5,210	(39)	-	5,171
Change in Net Position	7,011	-	-	7,011
Net Position, Beginning of Year, Restated	310,879	15,110	-	325,989
Net Position, End of Year	\$ 317,890	\$ 15,110	\$ -	\$ 333,000

See independent auditor's report.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Combining Statement of Cash Flows
For the Year Ended March 31, 2025 (In Thousands)**

Schedule 3

	TGHS	SRMC	Total
Cash Flows from Operating Activities			
Cash Received from Patient Services	\$ 243,812	\$ 105,190	\$ 349,002
Cash Paid to or on Behalf of Employees	(111,300)	(15,593)	(126,893)
Cash Paid for Supplies and Services	(127,349)	(41,714)	(169,063)
Net Cash Provided by (Used in) Operating Activities	5,163	47,883	53,046
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(15,398)	(901)	(16,299)
Principal Payments on Long-Term Debt	(5,175)	-	(5,175)
Interest Payments	(1,135)	(37)	(1,172)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(21,708)	(938)	(22,646)
Cash Flows from Investing Activities			
Interest Received on Investments	2,821	-	2,821
Noncurrent Cash Equivalents, Net	(11,326)	-	(11,326)
Net Cash Provided by (Used in) Investing Activities	(8,505)	-	(8,505)
(Decrease) Increase in Cash and Cash Equivalents	(25,050)	46,945	21,895
Cash and Cash Equivalents, Including Noncurrent Cash and Cash Equivalents			
Beginning of Year	43,944	67,297	111,241
End of Year	\$ 18,894	\$ 114,242	\$ 133,136

See independent auditor's report.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Combining Statement of Cash Flows (Continued)
For the Year Ended March 31, 2025 (In Thousands)**

Schedule 3

	TGHS	SRMC	Total
Reconciliation of Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities			
Income (Loss) from Operations	\$ 1,801	\$ 39	\$ 1,840
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities			
Depreciation and Amortization	18,051	2,558	20,609
Changes in Operating Assets and Liabilities			
Patient Accounts Receivable	41	601	642
Government Program Receivables	(4,170)	(47)	(4,217)
Other Assets	(18,854)	(29,623)	(48,477)
Accounts Payable and Accrued Liabilities	8,294	74,355	82,649
Net Cash Provided by (Used in) Operating Activities	\$ 5,163	\$ 47,883	\$ 53,046

See independent auditor's report.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Gross Revenue Payor Mix Schedule
For the Year Ended March 31, 2025**

Schedule 4

	TGMC	SRMC
Medicare	62%	10%
Medicaid	11%	41%
Other	27%	49%
Total Gross Patient Revenues	100%	100%

See independent auditor's report.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Chief Executive Officer
For the Year Ended March 31, 2025**

Schedule 5

Chief Executive Officer
Phyllis Peoples, CEO

Salary	\$849,992
Employer Paid Payroll Taxes	23,305
Benefits - Insurance	45,602
Benefits - Retirement	41,400
Dues	91
Cell Phone	2,542
Special Meals	513
Travel	5,269
Total	\$968,714

See independent auditor's report.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2025**

Schedule 6

Federal Grantor/Pass- Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Expenditures
Department of Homeland Security			
Passed through State of Louisiana - Governor's Office of Homeland Security and Emergency Preparedness			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	None	\$ 6,460,363
Total Department of Homeland Security			<u>6,460,363</u>
Total Expenditures of Federal Awards			<u><u>\$ 6,460,363</u></u>

See independent auditor's report.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA**

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule or SEFA) includes the federal award activity of the District under programs of the federal government for the year ended March 31, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Note 3. Sub-Recipients

There were no payments to sub-recipients for the fiscal year ended March 31, 2025.

Note 4. Indirect Cost Rate

The District did not apply indirect costs to the program.

See independent auditor's report.

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

Independent Auditor's Report

To the Board of Commissioners
Hospital Service District No. 1 of
Terrebonne Parish, State of 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Hospital Service District No. 1 of Terrebonne Parish, State of Louisiana (the District), as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 28, 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 opinion 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 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 may exist that have not been 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 of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

Covington, LA
August 28, 2025

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Commissioners
Hospital Service District No. 1 of
Terrebonne Parish, State of Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hospital Service District No. 1 of Terrebonne Parish, State of Louisiana's (the District), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended March 31, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed

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

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



A Professional Accounting Corporation

Covington, LA
August 28, 2025

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2025**

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

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

Noncompliance material to the financial statements? No

Federal Awards

Internal control over major programs:

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

Type of auditors report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

<u>Program</u>	<u>Assistance Listing Number</u>
Disaster Grants - Public Assistance	97.036

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

Auditee qualified as a low risk auditee? No

Part II - Financial Statement Findings

None.

Part III - Findings and Questioned Costs for Federal Awards

None.

**HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Schedule of the Prior Year's Audit Findings
For the Year Ended March 31, 2025**

None.

AGREED-UPON PROCEDURES REPORT

Hospital Service District No. 1 of Terrebonne Parish

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period April 1, 2024 - March 31, 2025

To the Board of Commissioners
Hospital Service District No. 1 of Terrebonne Parish
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year April 1, 2024 through March 31, 2025. Hospital Service District No. 1 of Terrebonne Parish's (the District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year April 1, 2024 through March 31, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

10) Ethics

- A. Using the 5 randomly selected employees/officials, obtain ethics documentation from management, and:
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions were found as a result of these procedures.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Results: No exceptions were found as a result of these procedures.

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

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

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



A Professional Accounting Corporation

Covington, LA
August 28, 2025