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

Management's Discussion and Analysis
and Financial Statements

March 31, 2024 and 2023

LAPORTE
CPAs & BUSINESS ADVISORS

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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, 2024. 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 are a consolidation of 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.

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.

Summary of Net Position

A summary of the District's Statements of Net Position at March 31, 2024 and 2023 is presented in Table 1 below:

TABLE 1
Condensed Statements of Net Position
(In Thousands)

	2024	2023	**Dollar Change**	**Percent 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	114%
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 1, total assets and deferred outflows increased by $79.1 million to $717.4 million at March 31, 2024, up from $638.4 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.

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 2
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, Wage, and 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 and Amortization	19,975	18,631	1,344	7%
Total Operating Expenses	481,677	439,407	42,270	10%
Income 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	(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		

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

TABLE 3
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 2023 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.

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.

Capital Assets

During fiscal year 2024, the District invested in a broad range of capital assets included in Table 4 below:

TABLE 4
Capital Assets
(In Thousands)

	2024	2023	Dollar Change	Percent Change
Land and Land Improvements	**$ 45,240**	$ 44,426	$ 814	2%
Building	**238,857**	231,472	7,385	3%
Equipment	**256,032**	249,834	6,198	2%
Right-to-Use Assets	**12,372**	7,483	4,889	65%
Subtotal	**552,501**	533,215	19,286	4%
Less: Accumulated Depreciation	**382,697**	364,885	17,812	5%
Construction in Progress	**7,431**	9,769	(2,338)	-24%
Net Capital Assets	**$ 177,235**	$ 178,099	$ (864)	0%

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 5, the District's fiscal year 2025 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 5
Fiscal Year 2025 Capital Budget
(In Thousands)

Master Facility Plan	$ 16,221
Contingency	1,000
Routine Capital	4,776
Total	$ 21,997

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.

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.

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, 2023

- The District's assets and deferred outflows decreased by approximately $10.7 million, or 2%, primarily due to decrease in funding received as part of the CARES Act which was enacted by Congress and signed into law on March 27, 2020 in response to the economic impact of the COVID-19 pandemic.
- During the fiscal year, the District's total operating revenues increased from prior year by $47.4 million, or 12%, to $447.3 million, while operating expenses increased $21.1 million, or 5%, to $439.4 million. The District has income from operations of $7.9 million, which is 2% of total operating revenue and represents an increase of $26.3 million from prior year income from operations.
- During fiscal year 2023, 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.
- Loss on investments decreased from the prior year by $3.4 million due to volatility in the market during the COVID-19 pandemic.
- During the fiscal year, the District made significant capital acquisitions totaling approximately $20.0 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.

Summary of Net Position

A summary of the District's Statements of Net Position at March 31, 2023 and 2022 is presented in Table 6 below:

TABLE 6
Condensed Statements of Net Position
(In Thousands)

	2023	2022	Dollar Change	Percent Change
Current Assets	**$ 322,986**	$ 323,373	$ (387)	0%
Capital Assets, Net	**178,099**	168,340	9,759	6%
Other Assets, Including Board Designated and Restricted Investments	**137,140**	157,165	(20,025)	-13%
Deferred Outflows of Resources	**143**	212	(69)	-33%
Total Assets and Deferred Outflows of Resources	**$ 638,368**	$ 649,090	$ (10,722)	-2%
Current Liabilities	**$ 288,072**	$ 299,599	$ (11,527)	-4%
Long-Term Liabilities	**40,791**	41,581	(790)	-2%
Total Liabilities	**328,863**	341,180	(12,317)	-4%
Deferred Inflows of Resources	**2,323**	3,387	(1,064)	100%
Net Investment in Capital Assets	**130,882**	121,783	9,099	7%
Restricted Net Position	**5,660**	5,601	59	1%
Unrestricted Net Position	**170,640**	177,139	(6,499)	-4%
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 638,368**	$ 649,090	$ (10,722)	-2%

As can be seen in Table 6, total assets and deferred outflows decreased by $10.7 million to $638.4 million at March 31, 2023, down from $649.1 million at March 31, 2022.

Total current liabilities decreased by $11.5 million from March 31, 2022 to March 31, 2023, primarily as a result of the timing of payments passed through QIN to other organizations.

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, 2023 and 2022:

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

	2023	2022	Dollar Change	Percent Change
Net Patient Service Revenue	**$ 307,996**	$ 271,442	$ 36,554	13%
Other Revenue, Net	**139,304**	128,415	10,889	8%
Total Operating Revenue	**447,300**	399,857	47,443	12%
Salaries and Employee Benefits	**132,155**	125,638	6,517	5%
Supplies and Materials	**83,374**	76,511	6,863	9%
Purchased Services	**179,254**	176,639	2,615	1%
Professional Fees	**13,449**	9,478	3,971	42%
Other Operating Expenses	**12,544**	11,555	989	9%
Depreciation	**18,631**	18,471	160	1%
Total Operating Expenses	**439,407**	418,292	21,115	5%
Income (Loss) from Operations	**7,893**	(18,435)	26,328	-143%
Provider Relief Fund	**-**	13,583	(13,583)	100%
Investment Income, Net	**(2,831)**	(6,240)	3,409	-55%
Interest Expense and Amortization	**(1,580)**	(1,597)	17	-1%
Other Expenses	**(823)**	(24)	(799)	3329%
Total Nonoperating Revenues (Expenses)	**(5,234)**	5,722	$ (10,956)	-191%
Change in Net Position	**2,659**	(12,713)		
Net Position				
Beginning of Period	**304,523**	317,236		
End of Period	**$ 307,182**	$ 304,523		

Sources of Revenue

Operating Revenue
During fiscal year 2023, 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, 2023 and 2022:

TABLE 8
Payor Mix

	2023	2022
Medicare	**50%**	50%
Medicaid	**19%**	21%
Other	**31%**	29%
Total Patient Revenues	**100%**	100%

Other Operating Revenue
The District also generated other operating income of $139.3 million in fiscal year 2023 and $128.4 million in fiscal year 2022. Of this amount, $82.5 million in 2023 and $84.5 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 $2.5 million and $1.7 million during fiscal years 2023 and 2022, respectively. An unrealized loss on investments decreased investments by $5.4 million and $7.9 million in fiscal years 2023 and 2022, respectively. The District also recognized $-0- and $13.6 million in funding received as part of the Provider Relief Fund, a relief program included in the CARES Act, in fiscal year 2023 and 2022, respectively.

Operating and Financial Performance

The following summarizes the District's Statements of Revenues, Expenses, and Changes in Net Position between fiscal years 2023 and 2022:

Overall activity at the District, as measured by patient discharges, decreased by 2% to 8,303 in 2023, compared to 8,592 in 2022. Patient days increased by 0.1% from 38,860 in 2022 to 38,908 in 2023. The average length of stay for the District remained consistent with the prior year, with the stay length at 4.7 days for both 2023 and 2022.

Net patient service revenue increased $36.5 million, or 13%, in 2023. Contractual allowances, excluding bad debt, decreased to 63% of charges in 2023 from 64% in 2022.

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 $4.2 million were forgone in 2023 compared to $4.5 million in 2022, or a 4% decrease from the prior fiscal year. Provision for bad debts remained consistent with the prior year.

Employee wages and compensation increased by $6.5 million from the prior year. Salaries and benefits were 29.5% and 31.4% of total operating revenue in fiscal years 2023 and 2022, respectively. The cost of supplies and materials increased by $6.8 million, or 9%, due to impact of inflation and supply chain issues. Purchased services increased during the year by $2.6 million, mainly due to an increase in IGT expenses. Depreciation expense increased by $160,000, or 1%. Total operating expenses increased by $21.1 million, or 5%, for the year ended March 31, 2023.

Capital Assets

During fiscal year 2023, the District invested in a broad range of capital assets included in Table 9 below:

TABLE 9
Capital Assets
(In Thousands)

	2023	2022	Dollar Change	Percent Change
Land and Land Improvements	**$ 44,426**	$ 43,853	$ 573	1%
Building	**231,472**	215,344	16,128	2%
Equipment	**249,834**	248,156		
Right-to-use Assets	**7,483**	736	6,747	-1%
Subtotal	**533,215**	508,089	23,448	0%
Less: Accumulated Depreciation	**364,885**	348,207	16,678	2%
Construction in Progress	**9,769**	8,458	1,311	94%
Net Capital Assets	**$ 178,099**	$ 168,340	$ 9,759	-2%

Net capital assets have increased as the District continues to enhance existing facilities and invest in information technology, equipment, and other facility initiatives. During fiscal year 2023, TGHS spent approximately $17.1 million on equipment and facility initiatives and disposed of approximately $2.1 million of retired buildings and equipment. SRMC spent approximately $5.9 million on 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 $4,867,000 for capital projects, of which 79% 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	3,867
Total	$ 21,088

Long-Term Debt

At March 31, 2023, the District had $41,540,000 in bonds payable less a discount of $72,000, for a total debt figure of $41,468,000. 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 6.3% of the District's total assets and deferred outflows at March 31, 2023.

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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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital Service District No. 1 of Terrebonne Parish, State of Louisiana, as of March 31, 2024 and 2023, 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.

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 29, 2024 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.

LaPorte

A Professional Accounting Corporation

Covington, LA
August 29, 2024

HOSPITAL SERVICE DISTRICT NO.1 OF
TERREBONNE PARISH, STATE OF LOUISIANA
Statements of Net Position
March 31, 2024 and 2023 (In Thousands)

	2024	2023
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and Cash Equivalents	$ 111,241	$ 91,565
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts and Contractual Adjustments of $40,130 in 2024 and $32,229 in 2023	16,249	13,709
Estimated Net Receivables under Government Programs	10,060	7,063
Inventories	7,802	7,664
Prepaid Expenses	3,184	3,788
Other Current Assets	237,629	193,605
Funds Held by Trustee under Bond Resolution	5,699	5,592
Total Current Assets	391,864	322,986
Noncurrent Cash and Investments		
Designated by Board for Plant Replacement and Expansion, Including Accrued Interest of $276 in 2024 and $68 in 2023	116,633	128,139
Restricted for Capital Projects	71	68
Total Noncurrent Cash and Investments	116,704	128,207
Capital Assets		
Land and Land Improvements	45,240	44,426
Buildings	238,857	231,472
Equipment	256,032	249,834
Construction in Progress	7,431	9,769
Right-to-Use Assets	12,372	7,483
Less: Accumulated Depreciation/Amortization	(382,697)	(364,885)
Total Capital Assets, Net	177,235	178,099
Other Assets	31,535	8,933
Total Assets	717,338	638,225
Deferred Outflows of Resources	86	143
Total Assets and Deferred Outflows of Resources	$ 717,424	$ 638,368

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, 2024 and 2023 (In Thousands)

	2024	2023
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts Payable and Accrued Expenses	**$ 199,670**	$ 154,125
Accrued Employee Compensation	**7,480**	6,722
Accrued Interest Payable	**523**	577
Self-Insurance Reserves	**1,358**	1,180
Other Current Liabilities	**124,329**	119,042
Current Maturities of Hospital Revenue Bonds	**5,176**	5,015
Current Maturities of Lease and SBITA Liabilities	**1,959**	1,411
Total Current Liabilities	**340,495**	288,072
Long-Term Liabilities		
Hospital Revenue Bonds, Net of Current Maturities	**31,289**	36,453
Lease and SBITA Liabilities, Net of Current Maturities	**6,289**	4,338
Total Liabilities	**378,073**	328,863
Deferred Inflows of Resources	**4,979**	2,323
Net Position		
Net Investment in Capital Assets	**132,522**	130,882
Restricted for Debt Service	**5,699**	5,660
Unrestricted	**196,151**	170,640
Total Net Position	**334,372**	307,182
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 717,424**	$ 638,368

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, 2024 and 2023 (In Thousands)

	2024	2023
Operating Revenues		
Net Patient Service Revenue	$ 327,023	$ 307,996
Other Operating Revenue, Net	171,403	139,304
Total Operating Revenues	498,426	447,300
Operating Expenses		
Salaries, Wages, and Benefits	137,243	132,155
Supplies and Materials	87,773	83,374
Purchased Services	212,192	179,254
Professional Fees	13,660	13,449
Other Operating Expenses	10,834	12,544
Depreciation and Amortization	19,975	18,631
Total Operating Expenses	481,677	439,407
Income from Operations	16,749	7,893
Nonoperating Revenues (Expenses)		
Provider Relief Fund	8,886	-
Investment Revenue Including Unrealized Gains (Losses) of $775 in 2024 and $(5,426) in 2023	3,445	(2,831)
Interest Expense	(1,229)	(1,580)
Other Expenses	(661)	(823)
Total Nonoperating Revenues (Expenses)	10,441	(5,234)
Change in Net Position	27,190	2,659
Net Position, Beginning of Year	307,182	304,523
Net Position, End of Year	$ 334,372	$ 307,182

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, 2024 and 2023 (In Thousands)

	2024	2023
Cash Flows from Operating Activities		
Cash Received from Patient Services	$ 461,014	$ 398,760
Cash Paid to or on Behalf of Employees	(136,485)	(133,005)
Cash Paid for Supplies and Services	(278,486)	(277,225)
Net Cash Provided by (Used in) Operating Activities	46,043	(11,470)
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(16,062)	(22,719)
Principal Payments on Long-Term Debt	(5,015)	(4,905)
Interest Payments	(1,282)	(1,137)
Provider Relief Fund Proceeds	-	8,886
Net Cash Provided by (Used in) Capital and Related Financing Activities	(22,359)	(19,875)
Cash Flows from Investing Activities		
Interest Received on Investments	3,445	2,595
Noncurrent Cash Equivalents, Net	16,547	(19,007)
Proceeds on Sales or Maturity of Investments	-	32,200
Purchase of Other Asset - Investment Entities	(24,000)	-
Net Cash Provided by (Used in) Investing Activities	(4,008)	15,788
Increase (Decrease) in Cash and Cash Equivalents	19,676	(15,557)
Cash and Cash Equivalents, Including Noncurrent Cash and Cash Equivalents		
Beginning of Year	91,565	107,122
End of Year	$ 111,241	$ 91,565

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, 2024 and 2023 (In Thousands)

	2024	2023
Reconciliation of Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities		
Income (Loss) from Operations	**$ 16,749**	$ 7,893
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities		
Provision for Bad Debts	**-**	5,153
Depreciation and Amortization	**19,975**	18,631
Changes in Operating Assets and Liabilities		
Patient Accounts Receivable	**(2,540)**	(5,504)
Government Program Receivables	**(2,997)**	3,963
Other Assets	**(44,644)**	(19,838)
Accounts Payable and Accrued Liabilities	**59,500**	(21,768)
Net Cash Provided by (Used in) Operating Activities	**$ 46,043**	$ (11,470)

The accompanying notes are an integral part of these 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.

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 $17,724,000 and $17,708,000 for the years ended March 31, 2024 and 2023, respectively.

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, 2024 and 2023 consist of deferred amounts on bond refinancing. The District's deferred inflows at March 31, 2024 and 2023 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.

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 2024 and 2023 includes approximately $127,500,000 and $82,500,000, 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, 2024 and 2023, the District recorded allowance for doubtful accounts totaling approximately $15,200,000 and $12,911,000, respectively.

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, 2024 and 2023, measured at established rates, totaled approximately $14,441,000 and $15,002,000, respectively. See Note 12 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 accounting principles generally accepted in the United States of America 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.

Note 1. Summary of Significant Accounting Policies (Continued)

Coronavirus Aid, Relief, and Economic Security Act

In response to the economic impact of COVID-19, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted by Congress and was subsequently signed into law on March 27, 2020. The CARES Act included a variety of economic assistance provisions for businesses and individuals. The District suspended non-emergent or non-critical surgeries, procedures, and appointments beginning in mid-March through early-May in 2020 due to COVID-19. The CARES Act established a Provider Relief Fund to be used for economic support of healthcare entities in connection with healthcare-related expenses or lost revenues attributable to COVID-19 and treatment of uninsured COVID-19 patients. Healthcare entities such as the District would recognize these funds as subsidies that are subject to eligibility requirements.

For the years ended March 31, 2024 and 2023, the District received approximately $-0- million and $8.9 million, respectively, through the Provider Relief Fund program. Based on the terms of the Provider Relief Fund program and the guidance provided by the United States Department of Health and Human Services (HHS), the District recognized $8.9 million and $-0- million in funding as revenue for the years ended March 31, 2024 and 2023, respectively; and deferred approximately $-0- and $8.9 million at March 31, 2024 and 2023, respectively, which is included in other current liabilities on the statement of net position. In accordance with GASB Technical Bulletin 2020-1, these amounts are recognized as nonoperating revenue in the statements of revenues, expenses, and changes in net position. HHS continues to issue new reporting requirements for the Provider Relief Fund program, which may impact the recognition of these funds in future periods.

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.

Recently Adopted Accounting Pronouncements

The District adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The adoption of the pronouncement did not have a material effect on the District’s 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, 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

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

The composition of board-designated and restricted cash, cash equivalents, and investments at March 31, 2023 is set forth below (in thousands):

March 31, 2023	Cash and Cash Equivalents	Fixed Income Investments	Other Assets	Total
Board-Designated	$ 1,976	$ 120,081	$ 6,014	$ 128,071
Accrued Interest	-	-	68	68
Total Board-Designated	1,976	120,081	6,082	128,139
Restricted				
2013 Bond Issue				
Interest Expense Fund	297	-	-	297
Principal Fund	205	-	-	205
Total 2013 Bond Issue	502	-	-	502
2016 Supplemental Bond Issue				
Interest Expense Fund	77	-	-	77
Principal Fund	2,040	-	-	2,040
Construction Fund	68	-	-	68
Total 2016 Supplemental Bond Issue	2,185	-	-	2,185
2017 Supplemental Bond Issue				
Interest Expense Fund	82	-	-	82
Principal Fund	1,020	-	-	1,020
Total 2017 Supplemental Bond Issue	1,102	-	-	1,102
2020 Supplemental Bond Issue				
Interest Expense Fund	121	-	-	121
Principal Fund	1,750	-	-	1,750
Total 2020 Supplemental Bond Issue	1,871	-	-	1,871
Total Board-Designated and Restricted Cash, Cash Equivalents, and Investments	$ 7,636	$ 120,081	$ 6,082	$ 133,799

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, 2024 and 2023, 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, 2024 and 2023 (in thousands):

Risk Rating	**Fair Value at March 31, 2024**	Fair Value at March 31, 2023
AAA	**$ 32,330**	$ 36,743
AA	**12,980**	14,899
A	**4,846**	5,533
Other	**6,139**	6,014
	56,295	63,189
U.S. Government or Obligations Explicitly Guaranteed	**57,402**	62,906
Total	**$ 113,697**	$ 126,095

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 $57,402,000 and $62,906,000 in fair market value at March 31, 2024 and 2023, 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 $56,295,000 and $63,189,000 at March 31, 2024 and 2023, respectively.

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 7.0% and 22.9%, respectively, of the total investments at March 31, 2024, and 7.9% and 22.8%, respectively, of the total investments at March 31, 2023.

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, 2024, approximately $123.9 million of the District's bank balance of $126.6 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, 2024 and 2023, 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.

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, 2024 and 2023 (in thousands):

		Maturity in Years		
March 31, 2024	**Fair Value**	**<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**

		Maturity in Years		
March 31, 2023	Fair Value	<1	1 to 5	>5
U.S. Treasuries	$ 29,922	$ 2,278	$ 17,802	$ 9,842
Federal National Mortgage Association	28,787	989	9,621	18,177
Federal Home Loan Mortgage Corporation	9,945	-	3,195	6,750
Government National Mortgage Association	5,743	21	377	5,345
Small Business Association	17,639	25	1,542	16,072
Other Securities Guaranteed by the U.S. Government	9,602	-	210	9,392
Corporate and Municipal Debt Securities	18,443	904	9,737	7,802
Certificates of Deposit	6,014	6,014	-	-
Total	$ 126,095	$ 10,231	$ 42,484	$ 73,380

Note 3. Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of March 31, 2024 and 2023. 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.

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, 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

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, 2023 (in thousands):

March 31, 2023	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Fixed Income Securities				
U.S. Treasuries	$ 29,922	$ 29,922	$ -	$ -
Federal National Mortgage Association	28,787	4,782	24,005	-
Federal Home Loan Mortgage Corporation	9,945	-	9,945	-
Government National Mortgage Association	5,743	-	5,743	-
Small Business Association	17,639	1,201	16,438	-
Other Securities Guaranteed by the U.S. Government	9,602	-	9,602	-
Total Fixed Income Securities	101,638	35,905	65,733	-
Corporate and Municipal Debt Securities	18,443	6,888	8,463	3,092
Certificates of Deposit	6,014	-	6,014	-
Total Investments by Fair Value Level	$ 126,095	$ 42,793	$ 80,210	$ 3,092

Note 4. Capital Assets

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

Note 4. Capital Assets (Continued)

The summary of changes in capital assets for the year ended March 31, 2023 is as follows (in thousands):

	Balance March 31, 2022	Additions	Retirements/ Transfers	Balance March 31, 2023
Capital Assets Not Being Depreciated				
Land	$ 35,206	$ 538	$ -	$ 35,744
Construction in Progress	8,458	22,997	(21,686)	9,769
Total Capital Assets Not Being Depreciated	43,664	23,535	(21,686)	45,513
Capital Assets Being Depreciated				
Land Improvements	8,647	35	-	8,682
Buildings	215,344	6,947	9,181	231,472
Equipment	248,156	3,130	(1,452)	249,834
Total Capital Assets Being Depreciated	472,147	10,112	7,729	489,988
Less: Accumulated Depreciation				
Land Improvements	8,173	98	-	8,271
Buildings	138,529	7,069	-	145,598
Equipment	200,964	10,541	(2,080)	209,425
Total Accumulated Depreciation	347,666	17,708	(2,080)	363,294
Capital Assets Being Depreciated, Net	124,481	(7,596)	9,809	126,694
Capital Assets Being Amortized				
Right-to-Use Leased Medical Equipment	736	5,166	-	5,902
Right-to-Use SBITA Assets	-	1,581	-	1,581
Total Capital Assets Being Amortized	736	6,747	-	7,483
Less: Accumulated Amortization				
Right-to-Use Leased Medical Equipment	541	482	-	1,023
Right-to-Use SBITA Assets	-	568	-	568
Total Accumulated Amortization	541	1,050	-	1,591
Capital Assets Being Amortized, Net	195	5,697	-	5,892
Total Capital Assets, Net	$ 168,340	$ 21,636	$ (11,877)	$ 178,099

Note 5. Hospital Revenue Bonds

The following table summarizes the District's outstanding revenue bonds at March 31, 2024 and 2023 (in thousands):

	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	2,081
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	5,176
Less: Bond Discount	72	-	12	60	-
Long-Term Portion of Hospital Revenue Bonds	$ 41,468	$ -	$ 5,003	$ 36,465	$ 5,176

	March 31, 2022	Additions	Deductions	March 31, 2023	Due Within One Year
Hospital Revenue Bonds, Series 2013, 2.75% to 4%	$ 15,455	$ -	$ 195	$ 15,260	$ 205
Hospital Revenue Bonds, Series 2016, 1.83%	10,400	-	2,000	8,400	2,040
Hospital Revenue Bonds, Series 2017, 2.49%	7,600	-	995	6,605	1,020
Hospital Revenue Bonds, Series 2020, 2.15%	12,990	-	1,715	11,275	1,750
	46,445	-	4,905	41,540	5,015
Less: Bond Discount	84	-	12	72	-
Long-Term Portion of Hospital Revenue Bonds	$ 46,361	$ -	$ 4,893	$ 41,468	$ 5,015

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.

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.

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
2025	$ 5,175	$ 992
2026	5,290	881
2027	5,415	765
2028	3,320	668
2029	3,400	588
2030 - 2034	13,925	1,148
Total	$ 36,525	$ 5,042

The District was in compliance with all covenants of its outstanding bond issues at March 31, 2024 and 2023.

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:

	2024	2023
Medicare	**40.3%**	33.5%
Medicaid	**13.2%**	16.9%

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.

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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 $162,000 in 2024 and $1,564,000 in 2023. 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):

	2024	2023
Total Gross Patient Service Charges, Excluding Charity Care	**$ 970,179**	$ 870,471
Contractual and Other Allowances		
Medicare	**366,993**	332,080
Medicaid	**123,315**	115,156
Other	**136,203**	102,354
Provisions for Bad Debts	**16,645**	12,885
Total Contractual and Other Allowances	**643,156**	562,475
Net Patient Service Revenue	**$ 327,023**	$ 307,996

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 $3,115,000 in 2024 and $3,265,000 in 2023.

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 $298,000 in 2024 and $327,000 in 2023.

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 2024 and 2023 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
2024	$ 1,180	$ 11,968	$ 11,790	$ 1,358
2023	$ 1,219	$ 10,059	$ 10,098	$ 1,180

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 2024 and 2023 is as follows (in thousands):

	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**

	March 31, 2022	Additions/ Changes	Retirements/ Payments	March 31, 2023	Due Within One Year
Lease Liabilities	$ 241	$ 5,244	$ 749	$ 4,736	$ 797
SBITA Liabilities	1,691	-	678	1,013	614
Total	$ 1,932	$ 5,244	$ 1,427	$ 5,749	$ 1,411

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 Principal	Lease Liabilities Interest	SBITA Liabilities Principal	SBITA Liabilities Interest
2025	$ 1,124	$ 131	$ 835	$ 34
2026	1,150	104	631	19
2027	1,178	77	570	6
2028	1,205	49	-	-
2029	1,233	21	-	-
Thereafter	322	2	-	-
Total	$ 6,212	$ 384	$ 2,036	$ 59

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 $1.2 million and $2.3 million for the years ended March 31, 2024 and 2023, respectively. During the years ended March 31, 2024 and 2023, the District recognized approximately $1.7 million and $1.6 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
2025	$ 1,447
2026	1,199
2027	908
2028	752
2029	638

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, 2024 and 2023 as follows (in thousands):

	2024	2023
Care for the Indigent		
Traditional Charity Care (in Charges)	**$ 2,769**	$ 4,462
Self Pay Discounts (in Charges)	**11,672**	10,540
Unreimbursed Government Program Costs		
Unpaid Costs of State Programs	**6,602**	7,241
Unpaid Costs of Federally Funded Programs	**15,225**	19,130
Benefits for Community and Region		
Community Health Services	**1,789**	1,544
Community Building Activities	**238**	269
Community Benefit Operations	**165**	234
Health Professions Education	**480**	477
Subsidized Health Services	**4,726**	5,810
Community Outreach	**351**	370
Costs and Services Directly Provided to the Community	**7,749**	8,704
Total Quantifiable Community Benefits	**$ 44,017**	$ 50,077

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.

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 December 31, 2024 and 2023:

	March 31, 2024			
	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 Uear	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

	March 31, 2023			
	TGHS	**SRMC**	**Elimination**	**Total**
Assets and Deferred Outflows of Resources				
Current Assets	$ 82,514	$ 240,472	$ -	$ 322,986
Noncurrent Cash and Investments	128,207	-	-	128,207
Capital Assets, Net	157,793	20,306	-	178,099
Other Assets	8,895	38	-	8,933
Deferred Outflows of Resources	143	-	-	143
Total Assets and Deferred Outflows of Resources	$ 377,552	$ 260,816	$ -	$ 638,368
	TGHS	**SRMC**	**Elimination**	**Total**
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities	$ 31,049	$ 256,913	$ -	$ 287,962
Long-Term Liabilities, Less Amounts due Within One Uear	39,689	1,212	-	40,901
Deferred Inflows of Resources	2,273	50	-	2,323
Net Position	304,541	2,641	-	307,182
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 377,552	$ 260,816	$ -	$ 638,368

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 December 31, 2024 and 2023:

	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	$ 319,262	$ 15,110	$ -	$ 334,372

	March 31, 2023			
	TGHS	SRMC	Elimination	Total
Operating Revenues	$ 255,995	$ 191,305	$ -	$ 447,300
Operating Expenses	248,151	191,256	-	439,407
Income from Operations	7,844	49	-	7,893
Nonoperating Revenues (Expenses)	(5,185)	(49)	-	(5,234)
Change in Net Position	2,659	-	-	2,659
Net Position, Beginning of Year	301,882	2,641	-	304,523
Net Position, End of Year	$ 304,541	$ 2,641	$ -	$ 307,182

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 December 31, 2024 and 2023:

	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

	March 31, 2023			
	TGHS	SRMC	Elimination	Total
Cash Flows from Operating Activities	$ 14,914	$ (26,384)	$ -	$ (11,470)
Cash Flows from Capital and Related Financing	(23,082)	3,207	-	(19,875)
Cash Flows from Investing Activities	15,788	-	-	15,788
Increase in Cash and Cash Equivalents	7,620	(23,177)	-	(15,557)
Cash and Cash Equivalents, Including Noncurrent Cash and Cash Equivalents				
Beginning of Year	36,159	70,963	-	107,122
End of Year	$ 43,779	$ 47,786	$ -	$ 91,565

OTHER SUPPLEMENTARY INFORMATION

HOSPITAL SERVICE DISTRICT NO.1 OF TERREBONNE PARISH, STATE OF LOUISIANA **Schedule 1**
Combining Statement of Net Position
March 31, 2024 (In Thousands)

	TGHS	SRMC	Elimination	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and Cash Equivalents	$ 43,944	$ 67,297	$ -	$ 111,241
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts and Contractual Adjustments of $40,130	9,898	6,351	-	16,249
Estimated Net Receivables under Government Programs	8,462	1,598	-	10,060
Inventories	6,361	1,441	-	7,802
Prepaid Expenses	3,125	59	-	3,184
Other Current Assets	11,945	225,684	-	237,629
Funds Held by Trustee under Bond Resolution	5,699	-	-	5,699
Total Current Assets	89,434	302,430	-	391,864
Noncurrent Cash and Investments				
Designated by Board for Plant Replacement and Expansion Including Accrued Interest of $276	116,633	-	-	116,633
Restricted for Capital Projects	71	-	-	71
Total Noncurrent Cash and Investments	116,704	-	-	116,704
Capital Assets				
Land and Land Improvements	45,240	-	-	45,240
Buildings	223,613	15,244	-	238,857
Equipment	240,990	15,042	-	256,032
Construction in Progress	7,184	247	-	7,431
Right-to-Use Assets	9,922	2,450		12,372
Less: Accumulated Depreciation/Amortization	(368,399)	(14,298)	-	(382,697)
Total Capital Assets, Net	158,550	18,685	-	177,235
Other Assets	31,514	21	-	31,535
Total Assets	396,202	321,136	-	717,338
Deferred Outflows of Resources	86	-	-	86
Total Assets and Deferred Outflows of Resources	$ 396,288	$ 321,136	$ -	$ 717,424

See independent auditor's report.

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

	TGHS	SRMC	Elimination	Total
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts Payable and Accrued Expenses	$ 19,449	$ 180,221	$ -	$ 199,670
Accrued Employee Compensation	6,322	1,158	-	7,480
Accrued Interest Payable	523	-	-	523
Self-Insurance Reserves	1,358	-	-	1,358
Other Current Liabilities	938	123,391	-	124,329
Current Maturities of Hospital Revenue Bonds	5,176	-		5,176
Current Maturities of Lease and SBITA Liabilities	1,733	226	-	1,959
Total Current Liabilities	35,499	304,996	-	340,495
Long-Term Liabilities				
Hospital Revenue Bonds, Net of Current Maturities	31,289	-	-	31,289
Lease and SBITA Liabilities, Net of Current Maturities	5,292	997	-	6,289
Total Liabilities	72,080	305,993	-	378,073
Deferred Inflows of Resources	4,946	33	-	4,979
Net Position				
Net Investment in Capital Assets	115,060	17,462	-	132,522
Restricted for Debt Service	5,699	-	-	5,699
Unrestricted	198,503	(2,352)	-	196,151
Total Net Position	319,262	15,110	-	334,372
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 396,288	$ 321,136	$ -	$ 717,424

See independent auditor’s report.

HOSPITAL SERVICE DISTRICT NO.1 OF TERREBONNE PARISH, STATE OF LOUISIANA **Schedule 2**
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended March 31, 2024 (In Thousands)

	TGHS	SRMC	Elimination	Total
Operating Revenues				
Net Patient Service Revenue	$ 238,144	$ 88,879	$ -	$ 327,023
Other Operating Revenue, Net	33,761	137,642	-	171,403
Total Operating Revenues	271,905	226,521	-	498,426
Operating Expenses				
Salaries, Wages, and Benefits	122,169	15,074	-	137,243
Supplies and Materials	65,328	22,445	-	87,773
Purchased Services	31,568	180,624	-	212,192
Professional Fees	13,660	-	-	13,660
Other Operating Expenses	8,982	1,852	-	10,834
Depreciation and Amortization	17,074	2,901	-	19,975
Total Operating Expenses	258,781	222,896	-	481,677
Income from Operations	13,124	3,625	-	16,749
Nonoperating Revenues (Expenses)				
Provider Relief Fund	-	8,886	-	8,886
Investment Revenue Including Unrealized Gains, Net	3,445	-	-	3,445
Interest Expense	(1,187)	(42)	-	(1,229)
Other Revenue (Expenses)	(661)	-	-	(661)
Total 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	$ 319,262	$ 15,110	$ -	$ 334,372

See independent auditor’s report.

HOSPITAL SERVICE DISTRICT NO.1 OF TERREBONNE PARISH, STATE OF LOUISIANA **Schedule 3**
Combining Statement of Cash Flows
For the Year Ended March 31, 2024 (In Thousands)

	TGHS	SRMC	Total
Cash Flows from Operating Activities			
Cash Received from Patient Services	$ 263,648	$ 197,366	$ 461,014
Cash Paid to or on Behalf of Employees	(121,404)	(15,081)	(136,485)
Cash Paid for Supplies and Services	(117,359)	(161,127)	(278,486)
Net Cash Provided by (Used in) Operating Activities	24,885	21,158	46,043
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(14,457)	(1,605)	(16,062)
Principal Payments on Long-Term Debt	(5,015)	-	(5,015)
Interest Payments	(1,240)	(42)	(1,282)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(20,712)	(1,647)	(22,359)
Cash Flows from Investing Activities			
Interest Received on Investments	3,445	-	3,445
Noncurrent Cash Equivalents, Net	16,547	-	16,547
Purchase of Other Asset - Investment Entities	(24,000)	-	(24,000)
Net Cash Provided by (Used in) 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

See independent auditor’s report.

HOSPITAL SERVICE DISTRICT NO.1 OF TERREBONNE PARISH, STATE OF LOUISIANA **Schedule 3**
Combining Statement of Cash Flows (Continued)
For the Year Ended March 31, 2024 (In Thousands)

	TGHS	SRMC	Total
Reconciliation of Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities			
Income (Loss) from Operations	$ 13,124	$ 3,625	$ 16,749
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities			
Depreciation and Amortization	17,074	2,901	19,975
Changes in Operating Assets and Liabilities			
Patient Accounts Receivable	(1,033)	(1,507)	(2,540)
Government Program Receivables	(4,346)	1,349	(2,997)
Other Assets	(2,355)	(42,289)	(44,644)
Accounts Payable and Accrued Liabilities	2,421	57,079	59,500
Net Cash Provided by (Used in) Operating Activities	$ 24,885	$ 21,158	$ 46,043

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, 2024

Schedule 4

	TGMC	SRMC
Medicare	62%	11%
Medicaid	11%	44%
Other	27%	45%
Total Gross Patient Revenues	100%	100%

See independent auditor's report.

HOSPITAL SERVICE DISTRICT NO.1 OF **Schedule 5**
TERREBONNE PARISH, STATE OF LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Chief Executive Officer
For the Year Ended March 31, 2024

Chief Executive Officer
Phyllis Peoples, CEO

Salary	$ 849,992
Employer Paid Payroll Taxes	22,801
Benefits - Insurance	47,258
Benefits - Retirement	39,600
Dues	434
Cell Phone	1,832
Special Meals	181
Travel	5,793
Total	$ 967,891

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, 2024

Schedule 6

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Expenditures
U.S. Department of Health and Human Services			
COVID-19 - Provider Relief Fund	93.498	None	$ 8,885,701
Total U.S. Department of Health and Human Services			8,885,701
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	2,006,963
Total Department of Homeland Security			2,006,963
Total Expenditures of Federal Awards			$ 10,892,664

See independent auditor’s report.

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, 2024. 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, 2024.

Note 4. Indirect Cost Rate

The District did not apply indirect costs to the program.

Note 5. Reconciliation of Provider Relief Fund Revenue Recognized in the Financial Statements to Federal Awards Expended on the Schedule

The U.S. Department of Health and Human Services (HHS) began providing COVID-19 related funding under Assistance Listing Number 93.498. The funds are to be utilized to offset eligible COVID-19 expenditures and lost revenues related to COVID-19 as defined in the program regulations. The District recognized amounts received as the program requirements were met as shown in the table below. The amounts received and expended are reported in the SEFA according to HHS periods of availability (also known as the "period of performance"). Amounts recognized in the statement of revenues, expenses, and changes in net position in future years will be reported in a future schedule as determined by the OMB.

Reporting Period	Total Funding Received	Amount Recognized as Revenue in the Statements of Revenues, Expenses, and Changes in Net Position	Amount Recognized as Deferred Revenue	Amount Reported as Federal Expenditure on SEFA
FYE March 31, 2021	$ 25,218,611	$ 14,306,491	$ 10,912,120	$ -
FYE March 31, 2022	$ 2,671,629	$ 13,583,749	$ -	$ 25,218,611
FYE March 31, 2023	$ 8,885,701	$ -	$ 8,885,701	$ 2,671,629
FYE March 31, 2024	$ -	$ 8,885,701	$ -	$ 8,885,701

See independent auditor’s report.

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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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 29, 2024.

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.

LaPorte

A Professional Accounting Corporation

Covington, LA
August 29, 2024

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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, 2024. 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, 2024.

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 overcompliance. 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 29, 2024

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?	Yes

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:

Program	Assistance Listing Number
COVID-19 - Provider Relief Fund	93.498

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low risk auditee?	Yes

Part II - Financial Statement Findings

None.

Part III - Findings and Questioned Costs for Federal Awards

None.

2023-001 Concentration of Credit Risk

Condition: Deposits in excess of the FDIC limit of the newly formed Terrebonne General Equity Holdings were not secured by collateral.

Status: Resolved

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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, 2023 - March 31, 2024

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, 2023 through March 31, 2024. 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, 2023 through March 31, 2024. 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:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

   i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

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

   iii. ***Disbursements***, including processing, reviewing, and approving.

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

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

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

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

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

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

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

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

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

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

2) Board or Finance Committee

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

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

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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

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

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

3) Bank Reconciliations

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

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

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

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

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

4) Collections (excluding electronic funds transfers)

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

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

   i. Employees responsible for cash collections do not share cash drawers/registers;

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

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

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

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

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

   i. Observe that receipts are sequentially pre-numbered.

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

   iii. Trace the deposit slip total to the actual deposit per the bank statement.

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

   v. Trace the actual deposit per the bank statement to the general ledger.

<u>Results</u>: No exceptions were found as a result of these procedures.

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

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

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

   ii. At least two employees are involved in processing and approving payments to vendors;

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

   iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

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

   [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

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

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

   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

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

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

   ii. Observe that finance charges and late fees were not assessed on the selected statements.

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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

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

   i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

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

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

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

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

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

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

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

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

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

9) Payroll and Personnel

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

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

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

iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

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

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

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

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A 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: One employee selected did not complete the required training. No other exceptions were found as a result of these procedures.

11) Debt Service

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

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

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

12) Fraud Notice

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

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

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

13) Information Technology Disaster Recovery/Business Continuity

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

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

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

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

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

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

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

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

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, 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: One employee selected did not complete the required training. No other 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 Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, 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 Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
August 29, 2024