

**St. James Parish Hospital Service
District**
(A Component Unit of St. James Parish Council)

Financial Statements
Years Ended March 31, 2026 and 2025

St. James Parish Hospital Service District
(A Component Unit of St. James Parish Council)

Financial Statements
Years Ended March 31, 2026 and 2025

St. James Parish Hospital Service District

Contents

Independent Auditor's Report	3-5
Management's Discussion and Analysis	6-11
Financial Statements	
Statements of Net Position	13
Statements of Revenues, Expenses and Changes in Net Position	14
Statements of Cash Flows	15-16
Notes to Financial Statements	17-42
Required Supplementary Information	
Schedule of Employer Contributions and Proportionate Share of Net Pension Asset (Liability) - PERS Pension Plan	44
Supplementary Information	
Schedule of Compensation, Benefits and Other Payments to Agency Head	46
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47-48



Tel: 601-326-1000
Fax: 601-326-1398
www.bdo.com

661 Sunnybrook Rd., Suite 100
Ridgeland, MS 39157

Independent Auditor's Report

The Board of Commissioners
St. James Parish Hospital Service District
Lutcher, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of St. James Parish Hospital Service District (the Hospital), a component unit of St. James Parish Council, as of and for the years ended March 31, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Hospital as of March 31, 2026 and 2025, and the respective changes in financial position, and cash flows thereof 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 (GAAS) 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 Hospital, 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 Hospital'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital'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 Hospital's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required Schedule of Employer Contributions and Proportionate Share of Net Pension Asset (Liability) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with



GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hospital's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head, as required by Louisiana Revised Statute 24:513A(3), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026 on our consideration of the Hospital'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 Hospital'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 Hospital's internal control over financial reporting and compliance.

BDO USA, P.C.

(Formerly HORNE LLP)

September 30, 2026

St. James Parish Hospital Service District

Management's Discussion and Analysis (Unaudited)

Management's Discussion and Analysis of St. James Parish Hospital's (the Hospital) financial performance provides important background information and management's analysis of the Hospital's financial performance during the years ended March 31, 2026, 2025, and 2024. Please read it in conjunction with the Hospital's financial statements, which begin on page 13.

Required Financial Statements

The basic financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements offer short-term and long-term financial information about the Hospital's activities.

The statements of net position include all of the Hospital's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). They also provide the basis for computing rate of return, evaluating the capital structure of the Hospital and assessing the liquidity and financial flexibility of the Hospital.

All of the current year's revenue and expenses are accounted for in the statements of revenues, expenses and change in net position. This statement measures changes in the Hospital's operations over the past year and can be used to determine whether the Hospital has been able to recover all of its costs through its net patient service revenue and other revenue sources.

The final required financial statements are the statements of cash flows. The primary purpose of these statements are to provide information about the Hospital's cash from operating, investing and financing activities and to provide answers to questions such as, where did the cash come from, what was the cash used for and what was the change in the cash balance during the reporting period.

Financial Analysis of the Hospital

The statement of net position and the statement of revenues, expenses and changes in net position report information about the Hospital's activities. Increases or decreases in the Hospital'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, 2026, the Hospital's general financial highlights were:

- During the fiscal year 2026, the Hospital continued to focus on rehab services, surgical services and swing-bed utilization. The Hospital also continued to enhance revenue cycle processes to sustain positive financial performance.
- Net patient service revenues decreased 0.12% from 2025 to 2026 due to a drop in volumes and the loss of a surgeon at the Hospital.
- Net patient service revenues decreased 8.7% from 2024 to 2025 due to a drop in volumes.
- The Hospital's payor mix is continuing to fluctuate slightly. From 2025 to 2026, the commercial mix increased 2.0%, Medicaid stayed consistent, and Medicare and Medicare

St. James Parish Hospital Service District

Management's Discussion and Analysis (Unaudited)

Advantage decreased 3.0%. From 2024 to 2025, the commercial mix increased 2.0%, Medicaid decreased 2.0%, and Medicare and Medicare Advantage stayed consistent.

- The Hospital's total net position increased \$8,794,265 from 2025 to 2026 and \$4,027,856 from 2024 to 2025. As of 2026, the total net position was \$77,426,651 which consists of \$55,876,344 in unrestricted, \$4,949,176 in restricted funds for pension benefits, \$13,697,590 in net investment in capital assets, and \$2,903,541 in restricted funds related to debt obligations. As of 2025, the total net position was \$68,632,386 which consists of \$50,676,520 in unrestricted, \$1,541,702 in restricted funds for pension benefits, \$13,699,956 in net investment in capital assets, and \$2,714,208 in restricted funds related to debt obligations.

Net Position

A summary of the Hospital's statements of net position is presented in the following table:

March 31,	2026	2025	2024
Current and other assets	\$ 38,656,604	\$ 40,630,592	\$ 34,326,833
Restricted assets	27,185,088	18,259,622	18,128,790
Capital assets, net	24,673,392	25,986,451	24,821,506
Net pension asset	4,949,176	1,541,702	-
Total Assets	\$ 95,464,260	\$ 86,418,367	\$ 77,277,129
Total Deferred Outflows of Resources	\$ 855,628	\$ 1,181,596	\$ 2,320,202
Current and other liabilities	\$ 7,595,362	\$ 7,023,445	\$ 4,107,553
Long-term obligations	7,877,247	11,237,820	10,565,962
Net pension liability	-	-	89,377
Total Liabilities	\$ 15,472,609	\$ 18,261,265	\$ 14,762,892
Total Deferred Inflows of Resources	\$ 3,420,628	\$ 706,312	\$ 229,909
Net Position			
Net investment in capital assets	\$ 13,697,590	\$ 13,699,956	\$ 14,529,539
Restricted	7,852,717	4,255,910	2,325,157
Unrestricted	55,876,344	50,676,520	47,749,834
Total Net Position	\$ 77,426,651	\$ 68,632,386	\$ 64,604,530

Some significant components of the change in the Hospital's net position are related to the increase in assets, the change in net pension liabilities and related deferred outflows, and liabilities.

- In fiscal year 2026, total liabilities decreased by 2,788,656 or 15.3% due to the Hospital paying off more debt this fiscal year.
- In fiscal year 2026, restricted assets increased by \$8,925,466 or 48.9% due to the Hospital reorganizing and moving investments from cash to internally designated cash and investments.
- In fiscal year 2026, net pension asset increased by \$3,407,474 or 221%.

St. James Parish Hospital Service District

Management's Discussion and Analysis (Unaudited)

- In fiscal year 2025, total liabilities increased by 3,498,372 or 23.0% due to the Hospital acquiring new debt, the limited tax bonds.
- In fiscal year 2025, current and other assets increased by \$6,303,759 or 18.4% due to the Hospital investing in the Louisiana Asset Management Pool (LAMP).
- In fiscal year 2025, the Hospital recognized a net pension asset due to investment gains and consistent contributions for the state plan.

Summary of Revenue and Expenses

The following table presents a summary of the Hospital's historical revenues and expenses and changes in net position:

<i>Year ended March 31,</i>	2026	2025	2024
Operating Revenues			
Net patient service revenue	\$ 28,220,047	\$ 28,253,476	\$ 30,961,256
Other operating revenue	6,812,486	4,685,314	4,206,559
Total Operating Revenues	35,032,533	32,938,790	35,167,815
Operating Expenses			
Salaries and benefits	20,996,584	19,765,673	19,333,616
Medical supplies and drugs	2,366,413	3,033,107	3,286,522
Depreciation and amortization	2,497,156	2,414,814	2,247,026
Other operating expense	10,319,593	9,331,470	9,135,870
Total Operating Expenses	36,179,746	34,545,064	34,003,034
Income (Loss) from Operations	(1,147,213)	(1,606,274)	1,164,781
Nonoperating Revenues (Expenses), Net			
Property taxes	3,803,411	3,616,915	3,245,563
Employee retention tax credit revenue	3,710,696	-	-
Investment income	2,182,394	1,983,091	1,585,070
Insurance proceeds	-	-	333,202
Other nonoperating revenue (expense), net	244,977	34,124	(117,185)
Total Nonoperating Revenue, Net	9,941,478	5,634,130	5,046,650
Increase in Net Position	8,794,265	4,027,856	6,211,431
Net Position, beginning of year	68,632,386	64,604,530	58,393,099
Net Position, end of year	\$ 77,426,651	\$ 68,632,386	\$ 64,604,530

Some significant components of the change in the Hospital's revenues and expenses are related to net patient service revenue, other operating revenue and professional fees.

- During fiscal year 2026, salaries and benefits increased by approximately \$1,230,911 or 6.2% due to additional health insurance expense recognized under the Hospital's self-funded health plan.

St. James Parish Hospital Service District

Management's Discussion and Analysis (Unaudited)

- During fiscal year 2026, total nonoperating revenue increased by approximately \$4.3 million or 76.0% due to the recognition of the employee retention tax credit money and an increase in investment income directly related to the market.
- During fiscal year 2025, salaries and benefits increased by approximately \$430,000 or 2.2% due to merit raises being given to employees and incentive plan payouts being distributed this fiscal year end.
- During fiscal year 2025, net patient service revenue decreased by approximately \$2.7 million or 9.0% due to a drop in volumes at the Hospital related to the loss of a surgeon and a decrease in days.

Capital Assets

Capital Assets						
	Fiscal Year, 2026	2026, Increase (Decrease) from 2025 (%)	Fiscal Year, 2025	2025 Increase, (Decrease) from 2024 (%)	Fiscal Year, 2024	2024 Increase (Decrease) from 2023 (%)
Land	\$ 1,526,541	-	\$ 1,526,541	-	\$ 1,526,541	-
Construction in progress	1,492,499	(44)	2,672,260	598	382,988	97
Buildings and improvements	34,383,445	5	32,606,241	(0.1)	32,653,497	8
Equipment	17,161,232	2	16,846,674	4	16,181,051	3
Subscription assets	1,730,085	-	1,730,085	-	1,730,085	-
Subtotal	53,274,762	4	51,183,000	1	50,564,633	6
Less: accumulated depreciation and amortization	(31,620,410)	8	(29,395,350)	6	(27,652,656)	10
Capital Assets, Net	\$24,673,392	(5)	\$ 25,986,451	5	\$ 24,821,506	5

Year Ended March 31, 2026

At the end of fiscal year 2026, the Hospital had an investment in capital assets, net of depreciation and amortization, of approximately \$23.8 million, a decrease of approximately \$1.3 million or 5% from 2025. The decrease in capital assets is related primarily to current additions not exceeding depreciation and amortization expense for the year.

Year Ended March 31, 2025

At the end of fiscal year 2025, the Hospital had an investment in capital assets, net of depreciation and amortization, of approximately \$24.9 million, a increase of approximately \$1.4 million or 5.8% from 2024. The increase in capital assets is related primarily to current additions exceeding depreciation and amortization expense for the year.

St. James Parish Hospital Service District
Management's Discussion and Analysis (Unaudited)

Long-Term Debt

Year Ended March 31, 2026

At the end of fiscal year 2026, the Hospital had three outstanding bond issues.

The Series 2008 R-1 bonds, which are reported in the statements of net position, had a carrying value of \$5.7 million, down 2.6% or \$151,333 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 4.125%.

The Series 2014 bonds, which are reported in the statements of net position, had a carrying value of \$1.9 million, down 22.3% or \$554,065 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 3.09%.

The Limited Tax Bond, Series 2024, which are reported in the statements of net position, had a carrying value of \$2 million. The bond bears an interest rate of 4.04%.

Year Ended March 31, 2025

At the end of fiscal year 2025, the Hospital had three outstanding bond issues.

The Series 2008 R-1 bonds, which are reported in the statements of net position, had a carrying value of \$6 million, down 2.0% or \$145,228 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 4.125%.

The Series 2014 bonds, which are reported in the statements of net position, had a carrying value of \$2.5 million, down 18.0% or \$537,228 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 3.09%.

During 2025, the Hospital issued \$6,000,000 of Limited Tax Bond, Series 2024, which are reported in the statements of net position, and had carrying value of \$4 million. The bond bears an interest rate of 4.04%.

Economic Factors and Next Year's Budget

The Hospital's appointed officials and management considered many factors when setting the budget for the fiscal year ending March 31, 2026. Included in those factors are the status of the economy and the healthcare environment, which take into account market forces and environmental factors such as:

- Reduced federal funding and altered eligibility criteria for Medicaid and ACA marketplace coverage, which may increase the number of uninsured patients and decrease overall reimbursement rates.
- Heightened risk of uncollectible patient accounts due to more patients losing coverage.
- Increased federal investment in artificial intelligence tools for fraud detection, which may result in billing errors, denied claims, payment delays, and potential penalties.
- Lower reimbursement rates and inflationary pressures on labor and supplies, potentially reducing operating margins and cash flow.

St. James Parish Hospital Service District

Management's Discussion and Analysis (Unaudited)

- Enhanced regulatory oversight of private equity investment in healthcare, which could limit access to capital for operational improvements and strategic initiatives.
- Uncertainty around the recently enacted One Big Beautiful Bill (OBBB) Act. This new legislation is expected to significantly impact our primary revenue sources, particularly with changes to Medicare and Medicaid reimbursement rates and expected patient cost-sharing requirements.

Contacting the Hospital Financial Manager

This financial report is designed to provide the Hospital's citizens, taxpayers, customers and investors and creditors with a general overview of the Hospital's finances and to demonstrate the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Ethan Bland, Chief Financial Officer
St. James Parish Hospital
1645 Lutchter Avenue
Lutcher, LA 70071
ebland@sjph.org

Financial Statements

St. James Parish Hospital Service District
(A Component Unit of St. James Parish Council)

Statements of Net Position

<i>March 31,</i>	2026	2025
Assets and Deferred Outflows of Resources		
Current Assets:		
Cash and cash equivalents	\$ 5,210,354	\$ 25,589,344
Short-term investments	18,833,110	7,081,093
Patient receivables, net of allowance for doubtful accounts of \$1,041,939 and \$1,157,543, respectively	3,336,714	3,419,158
Estimated third-party payor settlements	6,069,625	3,168,299
Inventories	434,729	524,718
Taxes receivable	220,744	227,980
Other current assets	4,551,328	620,000
Total Current Assets	38,656,604	40,630,592
Noncurrent Cash and Investments:		
Held by trustee for debt service - restricted	2,903,541	2,714,208
Internally designated by Board for capital improvements	24,281,547	15,545,414
Total Noncurrent Cash and Investments	27,185,088	18,259,622
Capital assets, net	24,673,392	25,986,451
Net pension asset	4,949,176	1,541,702
Total Assets	95,464,260	86,418,367
Deferred Outflows of Resources:		
Deferred loss on refunding	261,491	339,938
Deferred pension outflows	594,137	841,658
Total Deferred Outflows of Resources	855,628	1,181,596
Total Assets and Deferred Outflows of Resources	\$ 96,319,888	\$ 87,599,963
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities:		
Current maturities of note payable	\$ 426,421	\$ 426,421
Current maturities of long-term debt	2,729,667	2,705,918
Current maturities of subscription liabilities	203,958	196,365
Accounts payable	1,557,704	819,763
Accrued salaries and wages	2,677,612	2,874,978
Total Current Liabilities	7,595,362	7,023,445
Note payable, less current maturities	247,828	675,294
Long-term debt, less current maturities	6,851,430	9,580,577
Subscription liabilities, less current maturities	777,989	981,949
Total Liabilities	15,472,609	18,261,265
Deferred Inflows of Resources:		
Deferred pension inflows	3,420,628	706,312
Net Position:		
Net investment in capital assets	13,697,590	13,699,956
Restricted for debt service	2,903,541	2,714,208
Restricted for pension benefits	4,949,176	1,541,702
Unrestricted	55,876,344	50,676,520
Total Net Position	77,426,651	\$ 68,632,386
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 96,319,888	\$ 87,599,963

See accompanying notes to financial statements

St. James Parish Hospital Service District
(A Component Unit of St. James Parish Council)

Statements of Revenues, Expenses and Changes in Net Position

<i>Year ended March 31.</i>	2026	2025
Operating Revenues:		
Net patient service revenue, net of provision for uncollectible accounts of \$2,064,938 and \$1,967,129, respectively	\$ 28,220,047	\$ 28,253,476
Other operating revenue	6,812,486	4,685,314
Total Operating Revenues	35,032,533	32,938,790
Operating Expenses:		
Salaries and wages	16,364,307	15,862,366
Employee benefits	4,632,277	3,903,307
Professional fees	2,019,197	2,253,999
Contracted services	3,782,777	3,842,895
Supplies and other	2,366,413	3,033,107
Noncapital equipment, rental, and maintenance contracts	795,648	760,119
Telephone and utilities	720,277	635,659
Insurance	484,538	644,329
Other operating expenses	2,517,156	1,194,469
Provision for depreciation and amortization	2,497,156	2,414,814
Total Operating Expenses	36,179,746	34,545,064
Loss from Operations	(1,147,213)	(1,606,274)
Nonoperating Revenues (Expenses), net		
Property taxes	3,803,411	3,616,915
Investment income, net	2,182,394	1,983,091
Employee retention tax credit revenue	3,710,696	-
Gain on sale of asset	2,697	102,449
Grants and contributions	827,653	504,179
Interest expense	(585,373)	(572,504)
Total Nonoperating Revenues, net	9,941,478	5,634,130
Increase in Net Position	8,794,265	4,027,856
Net Position, beginning of year	68,632,386	64,604,530
Net Position, end of year	\$ 77,426,651	\$ 68,632,386

See accompanying notes to financial statements

St. James Parish Hospital Service District
(A Component Unit of St. James Parish Council)

Statements of Cash Flows

<i>Year ended March 31,</i>	2026	2025
Cash Flows from Operating Activities		
Receipts from third-party payors and patients	\$ 32,213,651	\$ 32,041,242
Payments to suppliers and contractors	(12,078,708)	(12,567,453)
Payments to employees	(21,561,140)	(18,480,867)
Net Cash (Used in) Provided by Operating Activities	(1,426,197)	992,922
Cash Flows from Noncapital Financing Activities		
Property taxes	3,810,647	3,403,968
Noncapital grants and contributions	827,653	66,979
Proceeds from employer retention tax credit	-	-
Net Cash Provided by Noncapital Financing Activities	4,638,300	3,470,947
Cash flows from capital and related financing activities		
Principal paid on long-term debt and notes payable	(3,329,231)	(3,297,867)
Interest paid on long-term debt	(585,373)	(572,504)
Purchases of capital assets	(1,181,400)	(3,477,319)
Capital grants and contributions received	-	437,200
Proceeds from issuance of debt	-	6,000,000
Net Cash Used in Capital and Related Financing Activities	(5,096,004)	(910,490)
Cash Flows from Investing Activities		
Purchases of investments	(105,353,385)	(21,596,325)
Proceeds from sale of investments	84,865,825	14,590,442
Interest on investments	1,992,471	1,777,049
Net Cash used in Investing Activities	(18,495,089)	(5,228,834)
Net decrease in cash and cash equivalents	(20,378,990)	(1,675,455)
Cash and Cash Equivalents, beginning of year	25,589,344	27,264,799
Cash and Cash Equivalents, end of year	\$ 5,210,354	\$ 25,589,344

See accompanying notes to financial statements

St. James Parish Hospital Service District
(A Component Unit of St. James Parish Council)

Statements of Cash Flows

<i>Year ended March 31,</i>	2026	2025
Reconciliation of loss from Operations to Net Cash provided by (used in) operating activities		
Loss from operations	\$ (1,147,213)	\$ (1,606,274)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities		
Depreciation and amortization	2,497,156	2,414,814
Provision for bad debts	2,064,938	1,967,129
Changes in assets and liabilities		
Patient receivables	(1,982,494)	(749,614)
Inventories	89,989	9,546
Estimated third-party payor settlements	(2,901,326)	(2,115,063)
Other current assets	(220,632)	202,837
Accounts payable	737,941	(415,259)
Accrued salaries and compensated absences	(197,366)	1,300,876
Net pension liability and related accounts	(367,190)	(16,070)
Net Cash (Used in) Provided by Operating Activities	\$ (1,426,197)	\$ 992,922

See accompanying notes to financial statements

St. James Parish Hospital Service District

Notes to Financial Statements

1. Nature of Operations, Reporting Entity and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

The St. James Parish Hospital Service District of St. James Parish, Louisiana, d/b/a St. James Parish Hospital (the Hospital) or (SJPH), is an acute care hospital created in 1955.

Effective August 1, 2001, the Hospital met the Medicare participation requirements to be classified as a critical access hospital. The Hospital was created by the St. James Parish Police Jury and is a political subdivision of the St. James Parish Council/Police Jury. The St. James Parish Council approves all tax elections. The Hospital Service District is a component unit of the St. James Parish Council.

In fiscal year 2014, operations began for St. James Physician Alliance (SJPA). SJPA was formed as a nonprofit corporation whose sole member is the Hospital. SJPA's financial data is combined as a blended component unit with the Hospital. All significant intercompany balances and transactions have been eliminated.

Basis of Presentation

The Hospital reports in accordance with accounting principles generally accepted in the United States of America in accordance with accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The accompanying financial statements of the Hospital have been prepared using the economic resource measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Nonexchange transactions, in which the Hospital receives (or gives) value without directly giving (or receiving) equal value in exchange, include certain grants and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

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 most sensitive estimates included in these financial statements relate to contractual discounts under third-party contracts and the allowance for uncollectible accounts.

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 restricted under trust agreements.

St. James Parish Hospital Service District

Notes to Financial Statements

Patient Receivables

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

Allowance for Doubtful Accounts

Amounts owed to the Hospital are reported net of allowances for contractual adjustments and uncollectible accounts. Specific patient balances are written off at the time they are determined to be uncollectible. The process for estimating the ultimate collection of receivables involves significant assumptions and judgements. The Hospital estimates the collectability of its patient accounts receivable based on aging of accounts, historical collection, and contractual agreements. Revisions in reserve estimates are recorded as an adjustment to net patient service revenue in the period the revision occurs.

Subscription Assets and Liabilities

The Hospital determines if an arrangement is a Subscription-Based Information Technology Arrangement (SBITA) at inception. Subscription assets, net accumulated amortization, and subscription liabilities, net of current maturities, are included in the statements of net position.

Subscription assets represent the Hospital's control of the right-to-use subscription-based information technology for the arrangement term, as specified in the contract, in an exchange or exchange-like transaction. Subscription assets are recognized at the commencement date based on initial measurement of the subscription liability, adjusted for payments made to the vendor at or before the commencement of the SBITA term and certain initial direct costs. Subscription assets are amortized in a systematic and rational manner over the shorter of the arrangement term or the useful life of the underlying asset.

Subscription liabilities represent the Hospital's obligation to make payments arising from the SBITA. Subscription liabilities are initially recognized at the commencement date based on the present value of expected payments over the lease term, adjusted for SBITA incentives. Subsequently, the subscription liability is reduced by the principal portion of the payments made. Interest expense is recognized ratably over the term of the arrangement.

The Hospital recognizes payments for short-term SBITAs with an arrangement term of 12 months or less as expenses are incurred, and these SBITAs are not included as subscription liabilities or right-to-use subscription assets on the statements of net position.

The individual SBITA contracts do not provide information about the discount rate implicit in the arrangement. Therefore, the Hospital has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Hospital monitors changes in circumstances that would require a remeasurement of its arrangements and will remeasure the right-to-use subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

St. James Parish Hospital Service District

Notes to Financial Statements

Inventories

Inventories consist primarily of hospital supplies and pharmaceuticals and are valued using an average cost method.

Prepaid Expenses

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

Restricted and Internally Designated Assets

Restricted assets include net pension assets, and other cash and investments that are held by trustee and restricted for debt service, based on the provisions of debt agreements. Noncurrent internally designated assets include cash and investments set aside by the Board of Commissioners for future capital improvements. The Board retains control of the funds set aside for future capital improvements and may, at its discretion, subsequently use them for other purposes.

The Hospital's investments consist of debt and equity securities and are carried at fair value. Interest, dividends and gains and losses on investments, both realized and unrealized, are included in nonoperating income when earned.

Capital Assets, Net

Capital asset acquisitions are recorded at cost or acquisition value (except for right-to-use leased assets). Donated capital assets are recorded at acquisition value at the date of donation. Land and construction in progress are not depreciated. The Hospital capitalizes all assets that have a value or cost of \$10,000 and an estimated useful life greater than one year. Depreciation of capital assets is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Buildings, leasehold improvements, equipment, and subscription assets under leases are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset. Such amortization is included in the depreciation and amortization in the financial statements. Maintenance, repairs, replacement and improvements of minor importance are expensed. Major replacements and improvements that extend the useful life or capacity of the asset are capitalized. Under GASB 87 and 96, all significant leases and subscription agreements with terms of at least 12 months are required to be recognized as assets on the financial statements. Estimated useful lives for each class of depreciable assets are as follows:

	Years
Land improvements	5 - 25
Building and leasehold improvements	5 - 40
Equipment	3 - 20

Expenditures for repairs are charged to expense as incurred.

Property Taxes

The Hospital receives a 4.71 mills property tax, which is levied in November each year, payable by December 31 of that year. The Hospital records the expected revenues to be received based on factors such as previous years' collections to assessments and the estimated taxable assessed value

St. James Parish Hospital Service District

Notes to Financial Statements

for the current year. Adjustments are made upon final receipts. The millage is in effect through December 31, 2026.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense or expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Hospital has the following items that are reported as deferred inflows or outflows of resources: deferred amounts on debt refunding and deferred inflows/outflows of resources related to pensions.

Pensions

The Hospital follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), on the financial statements to recognize the net pension liability (asset), deferred outflows and deferred inflows of resources, pension expense and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans. The Hospital recognizes benefit payments when due and payable in accordance with benefit terms. Invested assets are reported at fair value. More information on pension activity for the Hospital is included in Note 8.

Compensated Absences

The Hospital's employees earn paid time off (PTO) and extended illness hours (EIB) at varying rates depending on years of service. Employees may accumulate PTO and be paid if they leave before they exhaust this accumulation. Employees may accumulate EIB but, upon termination, are not paid for any accumulated extended illness hours.

As of March 31, 2026 and 2025, accrued PTO was approximately \$722,000 and \$671,000, respectively. As of March 31, 2026 and 2025, accrued EIB was approximately \$116,000 and \$113,000, respectively. These liabilities are measured using the pay rates in effect as of the reporting date and include applicable salary-related payments. The compensated absences balance is classified as current in its entirety and are included in accrued salaries and wages within the accompanying financial statements.

Risk Management

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

Self-Insurance Claims

Accrued self-insurance claims represent the Hospital's best estimate of incurred but unpaid expenses for employees' health insurance expense.

St. James Parish Hospital Service District

Notes to Financial Statements

Unemployment Insurance

The Hospital elected to pay unemployment insurance contributions as reimbursable and are not assigned a tax rate percentage. Unemployment insurance contributions are paid on a dollar-for-dollar basis for unemployment benefits paid to former employees.

Income Taxes

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

Net Position

Net position is classified into three components consisting of resources invested in capital assets (property and equipment), net of related debt, restricted and unrestricted. These components are defined as follows:

Net Investment in Capital Assets - This component consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position - This component reports those resources that are externally restricted by creditors, grantors, contributors or laws and regulations or those restricted by constitutional provisions and enabling legislation.

Unrestricted Net Position - This component reports resources that do not meet the definition of invested in capital assets, net of related debt or restricted.

When both restricted and unrestricted resources are available to finance particular programs, it is the Hospital's policy to use the restricted resources before using the unrestricted resources.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are considered in the recognition and accrual of revenue on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The primary third-party programs include Medicare and Medicaid, which account for a significant amount of the Hospital's revenue. The laws and regulations under which Medicare and Medicaid programs operate are complex and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the

St. James Parish Hospital Service District

Notes to Financial Statements

Hospital's compliance with these laws and regulations. Such reviews may result in adjustments to program reimbursement previously received and subject the Hospital to fines and penalties. Management believes it has complied with the requirements of these programs.

Charity Care

The Hospital 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 Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Records of charges foregone for services and supplies furnished under the charity care policy are maintained to identify and monitor the level of charity care provided.

Operating Revenue and Expenses

The Hospital's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services, which is the Hospital's principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition and interest income are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Grants and Contributions

From time to time, the Hospital receives grants from other governmental entities as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues.

Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 102 (GASB 102)

In January 2024, the GASB issued Statement No. 102, *Certain Risk Disclosures*, to provide users of the government financial statements with essential information about risks related to a government's vulnerability due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, the adoption of GASB 102 required additional disclosure regarding the recently enacted One Big Beautiful Bill Act. See Note 14.

Future Accounting Pronouncements

The GASB has issued new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

St. James Parish Hospital Service District

Notes to Financial Statements

Governmental Accounting Standards Board Statement No. 103 (GASB 103)

Effective for year-end March 31, 2027. In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements, to enhance key components of the governmental financial reporting model and improve the effectiveness of information provided for decision-making and accountability purposes. GASB 103 includes changes related to management's discussion and analysis, the reporting of unusual or infrequent items, proprietary fund financial statement presentation, major component unit disclosures, and budgetary comparison information.

Governmental Accounting Standards Board Statement No. 104 (GASB 104)

Effective for year-end March 31, 2027. In September 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets, to improve the information provided to financial statement users about certain types of capital assets. GASB 104 requires additional disclosures for capital assets held for sale and capital assets that are no longer in use.

Governmental Accounting Standards Board Statement No. 105 - Subsequent Events -

Effective for year-end March 31, 2028. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

2. Cash Deposits and Investments

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law, which are to be insured or collateralized by U.S. government securities held by the pledging financial institution's trust department in the name of the Hospital.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to them. As of March 31, 2026, \$4,841,587 of the Hospital's bank balance totaling \$5,343,087 was exposed to custodial credit risk. At each institution, \$250,000 of deposits was secured by federal deposit insurance coverage, which was not exposed to custodial credit risk.

The remaining deposits, which were exposed to custodial credit risk, were secured by the pledge of securities owned by the fiscal agent bank.

The Hospital's investments generally are reported at fair value, as discussed in Note 1. The Hospital categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

St. James Parish Hospital Service District

Notes to Financial Statements

State statutes authorize the Parish to invest in collateralized certificates of deposits, government-backed securities, commercial paper, and mutual funds consisting solely of government-backed securities. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit organization formed by an initiative of the State Treasury and organized under the laws of the State of Louisiana, which operates a local government investment pool. The investments in LAMP are stated at fair value based on quoted market rates and are considered Level 2 investments. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

The table below reconciles investments to the amounts recorded on the statements of net position:

<i>March 31,</i>	2026	2025
Short-term investments	\$ 18,833,110	\$ 7,081,093
Internally designated by Board for capital improvements	24,281,547	15,545,414
Total Investments	\$ 43,114,657	\$ 22,626,507

The Hospital had the following recurring fair value measurements:

March 31, 2026

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level				
U.S. agencies	\$14,988,548	\$ 2,895,196	\$ -	\$17,883,744
LAMP funds	-	25,230,913	-	25,230,913
Total	\$14,988,548	\$28,126,109	\$ -	\$43,114,657

March 31, 2025

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level				
U.S. agencies	\$ 1,995,040	\$ 7,412,232	\$ -	\$ 9,407,272
LAMP funds	-	13,219,235	-	13,219,235
Total	\$ 1,995,040	\$20,631,467	\$ -	\$22,626,507

The Hospital had the following investment maturities:

March 31, 2026

Investment Type	Carrying Amount	Investment Maturities (in Years)		
		Less than 1	1 - 5	More than 5
U.S. agencies	\$17,883,744	\$17,883,744	\$ -	\$ -
LAMP funds	25,230,913	25,230,913	-	-
Total	\$43,114,657	\$43,114,657	\$ -	\$ -

St. James Parish Hospital Service District

Notes to Financial Statements

March 31, 2025

Investment Type	Carrying Amount	Investment Maturities (in Years)		
		Less than 1	1 - 5	More than 5
U.S. agencies	\$ 9,407,272	\$ 4,638,186	\$ 4,769,086	\$ -
LAMP funds	13,219,235	13,219,235	-	-
Total	\$22,626,507	\$17,857,421	\$ 4,769,086	\$ -

Interest Rate Risk

The Hospital's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Credit Risk

The Hospital's investment policy, in compliance with Louisiana Revised Statute 33:2955, allows the Hospital to invest in United States Treasuries, United States Agency securities and certificates of deposit. As of March 31, 2026, the Hospital's investment in U.S. Agencies was rated AAA by Moody's Investors Service and AA+ by Standard & Poor's.

Concentration of Credit Risk

The Hospital's investment policy does not limit the amount the Hospital may invest in any one issuer. More than 5.0% of the Hospital's investments are in the Federal Home Loan Bank and the U.S. Treasury Notes and Bonds (N/B). These investments are 16.0% and 84.0% of total investments, respectively, as of March 31, 2026.

3. Restricted and Internally Designated Assets

The amounts reported as restricted assets are comprised of cash held by the trustee bank for debt service on behalf of the Hospital related to their required long-term debt described in Note 6. In addition, internally designated funds for capital acquisitions are set aside under the control of the Board of Commissioners who may, at their discretion, use these funds for other purposes.

The restricted and internally designated assets, which consist of cash, certificates of deposits and U.S. Agencies are as follows:

March 31,	2026	2025
Held by trustee for debt service		
Sinking fund	\$ 158	\$ 153
Reserve fund - rural development	1,322,287	1,273,832
Contingency fund	1,340,661	1,192,699
Rural development transfer account	67,035	67,391
Debt service fund - limited tax bonds	173,400	180,133
Internally designated for capital acquisitions	24,281,547	15,545,414
Total	\$ 27,185,088	\$ 18,259,622

St. James Parish Hospital Service District

Notes to Financial Statements

The assets held by the trustee for debt service represent funds required to be maintained pursuant to various bond indentures and loan agreements. These amounts are subject to externally imposed restrictions established by creditors and lending institutions and may only be used for the specific purposes defined in the related debt agreements.

4. Patient Accounts Receivable

Patient accounts receivable consist of the following:

<i>March 31,</i>	2026	2025
Receivable from patients and their insurance carriers	\$ 3,476,916	\$ 3,744,277
Receivable from Medicare	2,970,556	2,570,449
Receivable from Medicaid	1,200,238	1,100,796
Total Patient Receivables	7,647,710	7,415,522
Less: allowance for contractual adjustments and doubtful accounts	4,310,996	3,996,364
Patient Accounts Receivable, Net	\$ 3,336,714	\$ 3,419,158

The remainder of this page intentionally left blank.

St. James Parish Hospital Service District

Notes to Financial Statements

5. Capital Assets

Capital assets and depreciation and amortization activity are as follows:

Year ended March 31, 2026

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being Depreciated or Amortized:				
Land	\$ 1,526,541	\$ -	\$ -	\$ 1,526,541
Construction in progress	2,672,260	803,668	(1,983,429)	1,492,499
Total Capital Assets not Being Depreciated or Amortized	4,198,801	803,668	(1,983,429)	3,019,040
Capital assets being depreciated or amortized:				
Buildings and improvements	32,606,241	1,777,204	-	34,383,445
Equipment	16,846,674	583,957	(260,553)	17,170,078
Subscription assets	1,730,085	-	-	1,730,085
Total Capital Assets Being Depreciated or Amortized	51,183,000	2,361,161	(260,553)	53,283,608
Less: total accumulated depreciation and amortization				
Buildings and improvements	(16,088,888)	(1,182,880)	-	(17,271,768)
Equipment	(12,695,845)	(1,110,732)	263,250	(13,543,327)
Subscription assets	(610,617)	(203,544)	-	(814,161)
Total Accumulated Depreciation and Amortization	(29,395,350)	(2,497,156)	263,250	(31,629,256)
Total Capital Assets Being Depreciated or Amortized, Net	21,787,650	(135,995)	2,697	21,654,352
Capital Assets, Net	\$ 25,986,451	\$ 667,673	\$ (1,980,732)	\$ 24,673,392

The remainder of this page intentionally left blank.

St. James Parish Hospital Service District

Notes to Financial Statements

Capital assets and depreciation and amortization activity are as follows:

Year ended March 31, 2025

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being Depreciated or Amortized:				
Land	\$ 1,526,541	\$ -	\$ -	\$ 1,526,541
Construction in progress	382,988	2,889,936	(600,664)	2,672,260
Total Capital Assets not Being Depreciated or Amortized	1,909,529	2,889,936	(600,664)	4,198,801
Capital assets being depreciated or amortized:				
Buildings and improvements	32,653,497	-	(47,256)	32,606,241
Equipment	16,181,051	1,188,047	(522,424)	16,846,674
Subscription assets	1,730,085	-	-	1,730,085
Total Capital Assets Being Depreciated or Amortized	50,564,633	1,188,047	(569,680)	51,183,000
Less: total accumulated depreciation and amortization				
Buildings and improvements	(15,002,137)	(1,134,007)	47,256	(16,088,888)
Equipment	(12,243,441)	(1,077,268)	624,864	(12,695,845)
Subscription assets	(407,078)	(203,539)	-	(610,617)
Total Accumulated Depreciation and Amortization	(27,652,656)	(2,414,814)	672,120	(29,395,350)
Total Capital Assets Being Depreciated or Amortized, Net	22,911,977	(1,226,767)	102,440	21,787,650
Capital Assets, Net	\$ 24,821,506	\$ 1,663,169	\$ (498,224)	\$ 25,986,451

For the years ended March 31, 2026 and 2025, depreciation and amortization expense for capital assets was approximately \$2,497,000 and \$2,415,000, respectively.

At March 31, 2026, the Hospital had approximately \$13,844,844 in commitments related to capital equipment purchases.

The remainder of this page intentionally left blank.

St. James Parish Hospital Service District

Notes to Financial Statements

6. Long-Term Obligations

A schedule of changes in the Hospital's long-term obligations follows:

Year ended March 31, 2026

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds					
Series 2008 R-1	\$ 5,808,945	\$ -	\$ (151,334)	\$ 5,657,611	\$ 158,237
Series 2014	2,477,550	-	(554,064)	1,923,486	571,430
Limited tax bond	4,000,000	-	(2,000,000)	2,000,000	2,000,000
Note payable	1,101,715	-	(427,466)	674,249	426,421
Subscription obligations	1,178,314	-	(196,367)	981,947	203,958
Total Debt	\$ 14,566,524	\$ -	\$ (3,329,231)	\$ 11,237,293	\$ 3,360,046

A schedule of changes in the Hospital's long-term obligations follows:

Year ended March 31, 2025

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds					
Series 2008 R-1	\$ 5,954,173	\$ -	\$ (145,228)	\$ 5,808,945	\$ 151,853
Series 2014	3,014,778	-	(537,228)	2,477,550	554,065
Limited tax bond	-	6,000,000	(2,000,000)	4,000,000	2,000,000
Note payable	1,528,072	-	(426,357)	1,101,715	426,421
Subscription obligations	1,367,368	-	(189,054)	1,178,314	196,365
Total Debt	\$ 11,864,391	\$ 6,000,000	\$ (3,297,867)	\$ 14,566,524	\$ 3,328,704

On July 2, 2008, the Hospital issued \$7,600,000 of Revenue Bonds, Series 2008 R-1, as a single, fully registered bond issue, payable through July 2, 2048, at an interest rate of 4.125%.

On June 4, 2014, the Hospital issued \$7,470,000 of Hospital Revenue Refunding Bonds, Series 2014, as a single, fully registered bond issue, payable through June 2, 2029, at an interest rate of 3.09% to current refund \$8,185,000 of outstanding 2008 Series A-D bonds with an average interest rate of 7.80%. The proceeds of \$7,470,000, together with internal funds of \$1,856,370 (which includes monies in the existing sinking fund, a call premium, a forward fee and accrued interest), were used to secure the repayment of the outstanding 2008 Series A-D bonds. As a result, the 2008 Series A-D bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,176,708. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2030 using the straight-line method. For the years ended March 31, 2026 and 2025, the deferred amount on refunding totaled \$261,491 and \$339,938, respectively.

St. James Parish Hospital Service District

Notes to Financial Statements

The bonds are collateralized by a pledge of the Hospital Service District's revenue, land, building and improvements and personal property thereon. Under the terms of the revenue note indenture, the Hospital is required to maintain certain deposits with a trustee, as mentioned in Note 3. Such deposits are included in restricted and internally designated assets in the statements of net position.

These funds are maintained at the trustee and require monthly funding by the Hospital Service District. The revenue note indenture also requires that the Hospital satisfy certain measures of financial performance as long as the notes are outstanding. The Hospital was in compliance with all covenants of its outstanding bond issues at March 31, 2026 and 2025.

On October 1, 2024, the Hospital issued \$6,000,000 of Limited Tax Bond, Series 2024, payable through March 1, 2027, at an interest rate of 4.04%. The Hospital was required to set up a sinking fund (debt service fund) which is designed to achieve proper matching of revenues and debt service on the bonds within each bond year, which is March 1 of each year. Any amounts deposited into the debt service fund will be applied to the next principal payment on the bond. The proceeds from the property tax each year will be deposited into this account until there's enough to fully cover the loan payments due the next year. Other than the debt service fund, there are no other accounts established under the bond ordinance which are pledged as collateral for the bonds.

The Hospital began recognizing subscription lease liabilities related to the adoption of GASB 96 during fiscal year 2024. The subscription lease liabilities relate to a subscription-based IT arrangement, with a maturity date in fiscal year 2031.

Scheduled interest and principal payments on long-term debt at March 31, 2026 are as follows:

Year ending March 31,

	Note Payable		Revenue and Tax Bonds		Subscription Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2027	426,421	-	2,729,667	281,663	203,958	33,786
2028	247,828	-	754,229	257,102	211,845	25,899
2029	-	-	779,631	231,699	220,036	17,708
2030	-	-	333,949	210,268	228,545	9,199
2031	-	-	186,571	201,941	117,563	1,307
2032 - 2036	-	-	1,057,307	885,253	-	-
2037 - 2041	-	-	1,299,034	643,526	-	-
2042 - 2046	-	-	1,596,028	346,532	-	-
2047 - 2050	-	-	844,681	41,517	-	-
	\$ 674,249	\$ -	\$ 9,581,097	\$ 3,099,501	\$ 981,947	\$ 87,899

7. Information Technology Contract

In 2021, the Hospital entered into a seven-year equipment, software and services agreement with a major information technology vendor. The agreement generally commits the Hospital to the purchase of a variety of information technology products and services from this vendor for a defined payment stream over the term of the contract. The contract included a seven-year 0.00% financing agreement for certain equipment, software licenses and supporting fees totaling \$2,558,435, maturing in 2028. This amount is included in the note payable on the accompanying financial statements. Software maintenance expenses associated with this contract of approximately \$595,000 were recognized for the years ended March 31, 2026 and 2025, respectively.

St. James Parish Hospital Service District

Notes to Financial Statements

The following table summarizes the future payment commitments by year under the contract pertaining to fees, subscriptions and other related services, as of March 31, 2026. The Hospital has the ability under the contract to terminate these services on sixty days' written notice, as defined in the contract.

Year ending March 31,

	Software Maintenance Obligation
2027	\$ 594,903
2028	594,903
2029	594,903
2030	594,903
2031	297,448
	\$ 2,667,060

8. Pension Plan

Plan Description

The Hospital is a member of the Parochial Employees' Retirement System of Louisiana (PERS or the System), a cost-sharing multiple-employer defined benefit pension plan. All full-time, permanent employees working at least 28 hours per week who are paid wholly or in part from the Hospital's funds are eligible to participate in PERS Plan B (Plan B).

Under PERS Plan B, any member can retire providing he/she meets one of the following:

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of service.
2. Age 62 with ten (10) years of service.
3. Age 67 with seven (7) years of service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to 2.0% of the member's final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established by state statute. The System issues a publicly available financial report that includes financial statements and required supplementary information.

St. James Parish Hospital Service District

Notes to Financial Statements

That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, accessed via internet at www.persla.gov or by calling (225) 928-1361.

Contributions

Contributions to Plan B include one-fourth of 1.0% of the taxes shown to be collectible by the tax rolls of each parish except Orleans and East Baton Rouge parishes. Plan B members are required to contribute 3.0% of their annual covered salary. The Hospital is required to contribute at an actuarially determined rate. The current rate is 7.00% of annual covered salary for the years ended March 31, 2026 and 2025, respectively. As provided by LRS 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior year. The Hospital's contributions to Plan B for the years ended March 31, 2026 and 2025, were approximately \$877,700 and \$868,200, respectively, which is equal to the required contribution.

Net Pension Asset

At March 31, 2026 and 2025, the Hospital reported an asset of \$4,949,176 and \$1,541,702, respectively, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2025 and 2024 and was determined by actuarial valuation as of that date. The Hospital's proportion of the net pension asset was based on a projection of the Hospital's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At December 31, 2025 and 2024, the Hospital's proportion was 9.170782% and 9.031198%, respectively.

There were no changes in actuarial assumptions for 2026.

For the years ended March 31, 2026 and 2025, the Hospital recognized pension expense of \$22,449 and \$784,958, respectively. The Hospital reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

<i>March 31,</i>	2026	2025
Deferred Outflows of Resources		
Pension contributions subsequent to measurement date	\$ 233,043	\$ 235,451
Difference between expected and actual experience	302,956	491,551
Changes of assumptions	53,547	105,472
Change in Hospital's proportion	4,591	9,184
Total Deferred Outflows of Resources	\$ 594,137	\$ 841,658
Deferred Inflows of Resources		
Difference between expected and actual experience	\$ -	\$ 24,601
Net difference between projected and actual earnings on pension plan investments	3,396,605	665,690
Change in Hospital's proportion	24,023	16,021
Total Deferred Inflows of Resources	\$ 3,420,628	\$ 706,312

St. James Parish Hospital Service District

Notes to Financial Statements

In the years ended March 31, 2026 and 2025, respectively, \$233,043 and \$235,451 was reported as deferred outflows of resources related to pensions resulting from the Hospital's contributions subsequent to the measurement date and will be recognized as an addition (reduction) to net pension asset.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an expense (benefit) in pension expense as follows:

Year ending March 31,

2027	\$ 159,906
2028	(1,513,402)
2029	(1,072,781)
2030	(633,257)
	\$ (3,059,534)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining net pension asset as of March 31, 2026, is as follows:

Valuation date	December 31, 2025
Actuarial cost	Method entry age normal
Investment return	6.40% (Net of investment expense, including inflation)
Expected remaining service lives	Four years
Projected salary increases	4.25% (1.95% merit/2.30% inflation)
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130.0% for males and 125.0% for females using MP2021 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130.0% for males and 125.0% for females using MP2021 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130.0% for males and 125.0% for females using MP2021 scale for disabled annuitants.

St. James Parish Hospital Service District

Notes to Financial Statements

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized in the following table:

December 31, 2025

Asset Class	Target Allocation Percentage (%)	Long-Term Expected Real Rate of Return Percentage (%)
Fixed income	29	0.88
Equity	50	2.95
Alternatives	18	0.90
Real assets	3	0.17
	<u>100</u>	<u>4.90</u>
Inflation		<u>2.40</u>
Expected Arithmetic Normal Rate		7.30

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.30%, for the year ended December 31, 2025.

The discount rate used to measure the total pension asset (liability) was 6.40% for Plan B as of March 31, 2026 and 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and nonemployer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

St. James Parish Hospital Service District

Notes to Financial Statements

Sensitivity of the Hospital's Proportionate Share of the Net Pension Asset (Liability) to Changes in the Discount Rate

The following presents the net pension asset (liability) of the Hospital as of March 31, 2026 and 2025, using the discount rate of 6.40% as of March 31, 2026 and 2025 as well as what the Hospital's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate.

March 31,

	1.0% Decrease (5.40%)	Current Discount Rate (6.40%)	1.0% Increase (7.40%)
2026	\$ (752,315)	\$ 4,949,176	\$ 9,722,635
2025	(3,842,854)	1,541,702	6,050,483

9. Patient Service Revenue

The Hospital has agreements with third-party payors providing payments to the Hospital at amounts different from the Hospital's established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Since obtaining critical access designation, inpatient and outpatient services rendered to Medicare programs beneficiaries are reimbursed under cost reimbursement methodologies. The Hospital is reimbursed by the Medicare fiscal intermediary at a tentative interim rate with final settlement determined with the submission of annual cost reports and audits. The Hospital's Medicare cost reports have been filed with the Medicare fiscal intermediary through March 31, 2026. Desk reviews have been performed on reports issued through March 31, 2023.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been filed with the fiscal intermediary through March 31, 2026. A desk review has been performed on Medicaid reports issued through March 31, 2021.

Other

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

St. James Parish Hospital Service District

Notes to Financial Statements

A summary of patient service revenue follows:

<i>March 31,</i>	2026	2025
Gross patient service revenue	\$ 64,233,022	\$ 65,490,698
Less provisions for:		
Contractual adjustments under third-party reimbursement programs and managed care contracts	33,948,037	35,270,093
Uncollectible accounts	2,064,938	1,967,129
Net Patient Service Revenue	\$ 28,220,047	\$ 28,253,476

The following table sets forth net patient service revenue by payor:

<i>March 31,</i>	2026	2025
Medicare	\$ 3,901,322	\$ 3,905,940
Medicare Advantage	11,587,772	11,601,486
Medicaid	4,669,191	4,674,747
Commercial Providers	7,897,056	7,906,402
Self-pay	164,706	164,901
Net Patient Service Revenue	\$ 28,220,047	\$ 28,253,476

10. Charity Care

The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated \$20,077 and \$38,062 for the years ended March 31, 2026 and 2025, respectively. The estimated cost of charity care, estimated using a ratio of cost-to-gross charges, totaled approximately \$11,000 and \$20,000 for the years ended March 31, 2026 and 2025, respectively.

11. Insurance Programs

Risk Management

The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Hospital is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self-insurance of (1) hospital professional liability and comprehensive general liability and (2) statutory workers' compensation. The Hospital carries commercial insurance for all other risk of loss.

The trust funds for professional liability/comprehensive general liability and statutory workers' compensation are pooling arrangements whereby there is a sharing of risk among the participants of the trust funds. The Hospital reports its premiums as insurance expenditures and expenses these premiums over the pro-rata periods involved.

The Hospital is self-insured for its employees' health claims. The Hospital has stop loss insurance that provides coverage for claims in excess of certain self-insured limits. The Hospital accrued approximately \$454,000 and \$355,000 at March 31, 2026 and 2025, respectively.

St. James Parish Hospital Service District

Notes to Financial Statements

The following table summarizes the changes to self-insured liability.

<i>Year ended March 31,</i>	2026	2025
Balance , beginning of fiscal year liability	\$ 355,347	\$ 383,101
Current year claims and change in estimate	1,498,314	1,273,090
Claims paid	(1,400,039)	(1,300,844)
Balance , end of fiscal year liability	\$ 453,622	\$ 355,347

The liability is included in accrued salaries and wages on the statements of net position.

12. Louisiana Medicaid Supplemental Payment Programs

Since 2016, the Hospital has participated in a public private partnership with Baton Rouge General to more fully fund the Medicaid program (the Program) to ensure services remain available to low-income and needy patients in the St. James Parish community. This partnership has enabled the Hospital to increase support for the Uncompensated Care Cost (UCC) program for hospital services to the Medicaid and uninsured populations, the Medicaid Upper Payment Limit (UPL) programs for physician services to the Medicaid fee-for-service population, the hospital State Directed Payment (SDP) program for providing directed payments to hospitals reflecting a percentage increase on their base Medicaid claims payments for hospitals services to the Medicaid managed care population, and Medicaid capitation payments that fund services to the managed care population. The Hospital elects to provide the state match for the federal funds associated with some of the Program payments through intergovernmental transfers (IGTs). The Hospital expensed approximately \$1,138,000 and \$811,000 in IGTs to support the various programs for the year ending March 31, 2026 and 2025.

State Directed Payment Program

Upon legislative approval from the Centers of Medicare and Medicaid Services, the state implemented a new payment model for hospitals that is based on Medicaid paid claims data. The SDP program, titled the Medicaid Directed Payment Program (DPP), became effective July 1, 2022.

The Hospital recognized total revenue received under SDP of approximately \$5,400,000 and \$3,700,000 during the years ended March 31, 2026 and 2025, respectively. The revenue is included as a component of other operating revenue in the accompanying statements of revenues, expenses and changes in net position. Future reconciliation differences will be reported prospectively.

In response to DPP, the Hospital entered into a cooperative endeavor agreement with the Rural Hospital Coalition (RHC). In collaboration with other rural hospitals, the RHC sought to offer a grant program that would ensure adequate funding for all rural hospitals across the state to guarantee access to hospital care. The term of this agreement begins July 1, 2023 and ends on June 30, 2024. Thereafter, this agreement will automatically renew for successive one-year terms unless previously terminated. The Hospital was assessed approximately \$4,248,000 and \$3,845,000 related to the grant program from the RHC and has received back approximately \$4,831,000 and \$3,681,000 for the years ended March 31, 2026 and 2025, respectively. The revenue is included as a component of other operating revenue in the accompanying statements of revenues, expenses and changes in net position.

St. James Parish Hospital Service District

Notes to Financial Statements

State Directed Payment Program for Physicians

Effective for the state fiscal year 2025, the state has submitted a preprint to CMS to implement a new payment model for the reimbursement of physician services to Medicaid managed care enrollees. The model is still pending final approval from the Centers of Medicare and Medicaid Services, consequently, no payments for this program were issued by the federal government prior to the Hospital's fiscal year end. As the model covers services for the period July 1, 2024 through June 30, 2025, the Hospital recorded a receivable. However, due to the uncertainty surrounding the new program's final approval, the receivable was conservatively based on payouts from the previously approved federal matching program.

The Hospital recorded a receivable, at net, under this program of approximately \$1,246,000 as of and for the year ended March 31, 2026. The receivable is included as a component of estimated third-party payor settlements in the accompanying statements of net position. The Hospital recognized net revenue of approximately \$450,000 and \$563,000 during the years ended March 31, 2026 and 2025, respectively. The revenue is included as a component of other operating revenue in the accompanying statements of revenues, expenses and changes in net position. Future reconciliation differences will be reported prospectively.

Subsequent to fiscal year-end 2026, the Centers for Medicare and Medicaid Services approved the state's plan on August 19, 2026.

The remainder of this page intentionally left blank.

St. James Parish Hospital Service District

Notes to Financial Statements

13. Blended Component Units

In accordance with GASB No. 61, see below for a reconciliation of the financial statement line items by component:

March 31, 2026

	SJPH	SJPA	Total
Condensed Statements of Net Position			
Assets			
Current assets	\$ 38,295,846	\$ 360,758	\$ 38,656,604
Due from related parties	222,368	(222,368)	-
Restricted and internally designated assets	27,185,088	-	27,185,088
Capital assets	24,673,392	-	24,673,392
Net pension asset	4,949,176	-	4,949,176
Total Assets	95,325,870	138,390	95,464,260
Deferred Outflows of Resources	855,628	-	855,628
Total Assets and Deferred Outflows of Resources	\$ 96,181,498	\$ 138,390	\$ 96,319,888
Liabilities			
Current liabilities	\$ 7,456,938	\$ 138,424	\$ 7,595,362
Long-term liabilities	7,877,247	-	7,877,247
Total Liabilities	15,334,185	138,424	15,472,609
Deferred Inflows of Resources	3,420,628	-	3,420,628
Net Position (Deficit)			
Net investment in capital assets	13,697,590	-	13,697,590
Restricted for debt service	2,903,541	-	2,903,541
Restricted for pension benefits	4,949,176	-	4,949,176
Unrestricted (deficit)	55,876,378	(34)	55,876,344
Net Position (Deficit)	77,426,685	(34)	77,426,651
Total Liabilities and Deferred Inflows of Resources and Net Position	\$ 96,181,498	\$ 138,390	\$ 96,319,888
Condensed Statements of Revenues, Expenses and Changes in Net Position			
Operating revenues	\$ 31,789,197	\$ 3,243,336	\$ 35,032,533
Depreciation and amortization	2,497,156	-	2,497,156
Other operating expenses	30,439,254	3,243,336	33,682,590
Nonoperating revenues	9,941,478	-	9,941,478
Change in Net Position	8,794,265	\$ -	8,794,265
Net Position, beginning of year	68,632,420	(34)	68,632,386
Net Position, end of year	\$ 77,426,685	\$ (34)	\$ 77,426,651
Condensed Statements of Cash Flows			
Net cash provided by (used in) operating activities	\$ (1,569,903)	\$ 143,706	\$ (1,426,197)
Noncapital financing activities	4,638,300	-	4,638,300
Capital and related financing activities	(5,096,004)	-	(5,096,004)
Investing activities	(18,495,089)	-	(18,495,089)
Net Decrease in Cash and Cash Equivalents	(20,522,696)	143,706	(20,378,990)
Cash and Cash Equivalents, beginning of year	25,405,792	183,552	25,589,344
Cash and Cash Equivalents, end of year	\$ 4,883,096	\$ 327,258	\$ 5,210,354

St. James Parish Hospital Service District

Notes to Financial Statements

March 31, 2025

	SJPH	SJPA	Total
Condensed Statements of Net Position			
Assets			
Current assets	\$ 40,494,800	\$ 135,792	\$ 40,630,592
Due from related parties	(312,773)	312,773	-
Restricted and internally designated assets	18,259,622	-	18,259,622
Capital assets	25,986,451	-	25,986,451
Net pension asset	1,541,702	-	1,541,702
Total Assets	85,969,802	448,565	86,418,367
Deferred Outflows of Resources	1,181,596	-	1,181,596
Total Assets and Deferred Outflows of Resources	\$ 87,151,398	\$ 448,565	\$ 87,599,963
Liabilities			
Current liabilities	\$ 6,574,846	\$ 448,599	\$ 7,023,445
Long-term liabilities	11,237,820	-	11,237,820
Total Liabilities	17,812,666	448,599	18,261,265
Deferred Inflows of Resources	706,312	-	706,312
Net Position (Deficit)			
Net investment in capital assets	13,699,956	-	13,699,956
Restricted for debt service	2,714,208	-	2,714,208
Restricted for pension benefits	1,541,702	-	1,541,702
Unrestricted (deficit)	50,676,554	(34)	50,676,520
Net Position (Deficit)	68,632,420	(34)	68,632,386
Total Liabilities and Deferred Inflows of Resources and Net Position	\$ 87,151,398	\$ 448,565	\$ 87,599,963
Condensed Statements of Revenues, Expenses and Changes in Net Position			
Operating revenues	\$ 30,015,954	\$ 2,922,836	\$ 32,938,790
Depreciation and amortization	2,414,814	-	2,414,814
Other operating expenses	29,207,384	2,922,866	32,130,250
Nonoperating revenues	5,634,130	-	5,634,130
Change in Net Position	4,027,886	(30)	4,027,856
Net Position, beginning of year	64,604,534	(4)	64,604,530
Net Position, end of year	\$ 68,632,420	\$ (34)	\$ 68,632,386
Condensed Statements of Cash Flows			
Net cash provided by (used in) operating activities	\$ 1,344,702	\$ (351,780)	\$ 992,922
Noncapital financing activities	3,470,947	-	3,470,947
Capital and related financing activities	(910,490)	-	(910,490)
Investing activities	(5,228,834)	-	(5,228,834)
Net Decrease in Cash and Cash Equivalents	(1,323,675)	(351,780)	(1,675,455)
Cash and Cash Equivalents, beginning of year	26,729,467	535,332	27,264,799
Cash and Cash Equivalents, end of year	\$ 25,405,792	\$ 183,552	\$ 25,589,344

St. James Parish Hospital Service District

Notes to Financial Statements

14. Risks Related to Legislative and Regulatory Changes

Employee Retention Tax Credit

The Hospital filed for the Employee Retention Tax Credit ("ERTC") under the CARES Act and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 after determining it met the eligibility requirements. The Hospital received and recognized approximately \$3,700,000 as nonoperating revenues for the year ended March 31, 2026. These claims remain subject to potential IRS examination, and the timing or outcome of any review cannot be reasonably estimated.

One Big Beautiful Bill Act

On July 4, 2025, the U.S. Government enacted the "One Big Beautiful Bill Act" ("OBBBA"), which includes significant tax code changes and modifications to federal healthcare programs, including Medicare and Medicaid. This new law introduces substantial financial and operational risks for the Hospital, and its full impact is not yet known.

- **Revenue Cycle Risk:** The OBBBA includes provisions that alter eligibility criteria and reduce federal funding for certain Medicaid and Affordable Care Act ("ACA") marketplace coverage. These changes are expected to increase the number of uninsured individuals and decrease overall reimbursement rates. These factors could lead to a decline in net patient service revenue and a corresponding increase in uncollectible patient accounts. The Hospital is actively analyzing the potential revenue cycle impacts, which are highly dependent on the state-specific Medicaid policy interpretations and the ultimate number of patients who lose coverage.
- **Billing and Compliance Risk:** The OBBBA has directed significant federal investment into artificial intelligence ("AI") tools designed to detect fraudulent billing and utilization patterns, especially within Medicare and Medicaid programs. While the technology is intended to identify fraudulent use, it creates a risk of billing errors or false positives that could lead to denied claims, payment delays, and potential penalties. The Hospital is evaluating and updating its billing workflows, software, and compliance protocols to mitigate this risk.
- **Operational and Liquidity Risk:** Changes to reimbursement rates, coupled with ongoing inflationary pressures on labor and supply costs, may reduce the Hospital's operating margins and cash flows. The bill also increases regulatory oversight of private equity investment in healthcare, which could reduce the availability of capital for operational improvements. These factors may affect the Hospital's liquidity and ability to fund strategic initiatives and capital expenditures.
- **Forward-Looking Statement:** This disclosure is based on current interpretations of the OBBBA and is subject to change. The Hospital will continue to monitor developments and adjust its risk mitigation strategies and financial reporting as more information becomes available.

St. James Parish Hospital Service District

Notes to Financial Statements

15. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 30, 2026, and determined that no events occurred that require additional disclosure.

Required Supplementary Information

ST. JAMES PARISH HOSPITAL

**Schedule of Employer Contributions and Proportionate Share of Net Pension Asset (Liability)
PERS Pension Plan**

March 31, 2026

Schedule of Employer Contributions

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required employer contribution	\$ 877,700	\$ 868,200	\$ 845,200	\$ 846,200	\$ 768,600	\$ 760,700	\$ 720,500	\$ 736,059	\$ 686,766	\$ 673,259
Contributions in relation to the statutorily required contributions	(877,700)	(868,200)	(845,200)	(846,200)	(768,600)	(760,700)	(720,500)	(736,059)	(686,766)	(673,259)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 12,538,405	\$ 11,800,265	\$ 11,268,762	\$ 11,149,623	\$ 10,247,953	\$ 10,142,508	\$ 9,606,662	\$ 9,419,282	\$ 8,712,618	\$ 8,415,735
Contributions as a percentage of covered employee payroll	7.00%	7.36%	7.50%	7.58%	7.50%	7.50%	7.50%	7.81%	7.88%	8.00%

Schedule of Proportionate Share of the Net Pension Asset (Liability)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Proportion of the net pension asset	9.170782%	9.031198%	8.910150%	9.085457%	9.042106%	8.714610%	8.565762%	8.908301%	8.522025%	8.408189%
Proportionate share of the net pension asset (liability)	\$ 4,949,176	\$ 1,541,702	\$ (89,377)	\$ (2,164,149)	\$ 5,047,237	\$ 2,237,010	\$ 619,791	\$ (2,406,711)	\$ 1,074,503	\$ (1,092,285)
Covered employee payroll	\$ 12,538,405	\$ 11,800,265	\$ 11,268,762	\$ 11,149,623	\$ 10,247,953	\$ 10,142,508	\$ 9,606,662	\$ 9,419,282	\$ 8,712,618	\$ 8,415,735
Proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	39%	13%	1%	1%	49%	22%	6%	26%	12%	-13%
Plan fiduciary net position as a percentage of the total pension liability	111%	104%	100%	94%	114%	107%	102%	92%	104%	96%

* The amounts presented for each fiscal year were determined as of December 31.

See independent auditor's report

Supplementary Information

St. James Parish Hospital Service District

Schedule of Compensation, Benefits, and Other Payments to Agency Head

Agency Head

Mary Ellen Pratt, Chief Executive Officer

Purpose	Amount
Salary	\$ 299,755
Benefits - insurance	8,818
Benefits - retirement	20,579
Benefits - other - Employer 457 match	10,807
Benefits - other - FICA Medicare	5,799
Benefits - other - FICA OADSI	10,909
Car allowance	9,000
Vehicle provided by government	-
Cellphone	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	499
Conference travel	8,256
Continuing Professional Education fees	-
Housing	-
Unvouchered expenses	-
Other - dues	520



Tel: 601-326-1000
Fax: 601-326-1398
www.bdo.com

661 Sunnybrook Rd., Suite 100
Ridgeland, MS 39157

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
St. James Parish Hospital Service District
Lutcher, Louisiana

We have audited 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, the financial statements of the business-type activities of St. James Parish Hospital Service District (the Hospital), as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated September 30, 2026.

Report on Internal Control Over Financial Reporting

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

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

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital'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 statement. 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 Hospital's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

BDO USA, P.C.

September 30, 2026

St. James Parish Hospital Service District

A Component Unit of St. James Parish Council

Agreed-Upon Procedures

Year ended March 31, 2026

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**St. James Parish Hospital
Service District**

A Component Unit of St. James Parish Council

Agreed-Upon Procedures
Year ended March 31, 2026



Independent Accountant's Report

The Board of Commissioners
St. James Parish Hospital Service District No. 1
of St. James Parish, State of Louisiana
Lutcher, Louisiana

We have performed the procedures enumerated below, which were agreed to by St. James Parish Hospital Service District No. 1 of St. James Parish, State of Louisiana, d/b/a St. James Parish Hospital (the Hospital) and the Louisiana Legislative Auditor (LLA) on the Hospital's compliance with the amended Louisiana Revised Statute 24:513, for the year ended March 31, 2026 (the Subject Matter). The Hospital is responsible for the Subject Matter.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the Hospital's compliance with the amended Louisiana Revised Statute 24:514, for the year ended March 31, 2026. 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. We make no representation regarding the sufficiency of the procedures described below, either for the purpose for which the report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. We obtained and inspected the Hospital's written policies and procedures and observed whether they address each of the following categories and subcategories:
- i. Budgeting
 - ii. Purchasing
 - iii. Disbursements
 - iv. Receipts/Collections
 - v. Payroll/Personnel
 - vi. Contracting
 - vii. Travel and Expense Reimbursement
 - viii. Credit cards
 - ix. Ethics
 - x. Debt Service
 - xi. Information Technology Disaster Recovery/Business Continuity
 - xii. Prevention of Sexual Harassment

We found no exceptions as a result of the procedures.



2) Board or Finance Committee

- A. We obtained and inspected 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. We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's establishing legislation, charter, bylaws, or other equivalent document.
We found no exceptions as a result of the procedures.
 - ii. We observed the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observed whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons at a minimum, on all special revenue funds.
We found no exceptions as a result of the procedures.
 - iii. We obtained the prior year audit report and observed 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, we observed 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.
We found no exceptions as a result of the procedures.
 - iv. We observed whether the board/finance committee received written updates of the progress of resolving audit findings(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.
We found no exceptions as a result of the procedures.

3) Bank Reconciliations

- A. We obtained a listing of the Hospital's bank accounts for the fiscal period from management and management's representation that the listing is complete. We inquired with management to identify the Hospital's main operating account. We selected the Hospital's main operating account and randomly selected four additional accounts. We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:
- i. Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;
We found no exceptions as a result of the procedures.

- 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 one month of the date the reconciliation was prepared; and

We found no exceptions as a result of the procedures.

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

We found no exceptions as a result of the procedures.

4) Collections

- A. We obtained 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. We randomly selected five deposit sites.

We found no exceptions as a result of the procedures.

- B. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties are properly segregated at each collection location such that:

- i. Employees who are responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not 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 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 are not responsible for collecting cash, unless another employee verifies the reconciliation.

We found no exceptions as a result of the procedures.

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

We found no exceptions as a result of the procedures.



- D. We randomly selected two deposit dates for each of the five bank accounts selected for Bank Reconciliations procedure #3A. We obtained supporting documentation for each of the 10 deposits and
- i. We observed that receipts are sequentially pre-numbered.
 - ii. We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. We traced the deposit slip total to the actual deposit per the bank statement.
 - iv. We observed 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. We traced the actual deposit per the bank statement to the general ledger.
- We found no exceptions as a result of the procedures.

5) *Nonpayroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected five locations (or all locations if less than five).

We found no exceptions as a result of the procedures.

- B. For each location selected under procedure #5A above, we obtained a listing of those employees involved with non-payroll purchases and payment functions. We obtained written policies and procedures relating to employee job duties, and observed 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/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.

We found no exceptions as a result of the procedures.



- C. For each location selected under procedure #5A above, we obtained the Hospital's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected five disbursements for each location, obtained supporting documentation for each transaction and
- i. Observed 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 Hospital, and
 - ii. Observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

We found no exceptions as a result of the procedures.

- D. Using the Hospital's main operating account and the month selected in Bank Reconciliations procedure #3A, we randomly selected five non-payroll-related electronic disbursements and observed that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the Hospital's policy, and (b) approved by the required number of authorized signers per the Hospital's policy.

We found no exceptions as a result of the procedures.

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

- A. We obtained 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. We obtained management's representation that the listing is complete.

We found no exceptions as a result of the procedures.

- B. Using the listing prepared by management, we randomly selected five cards that were during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). We obtained supporting documentation and

- i. Observed whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized 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; and

We found no exceptions as a result of the procedures.

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

We found no exceptions as a result of the procedures.



- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, we randomly selected ten transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (e.g., each card should have ten transactions subject to inspection). For each transaction, we observed 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).

We found no exceptions as a result of the procedures.

- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C we were to identify those individuals who had access to cards and randomly select five terminated employees (or all terminated employees with card access if less than five) from this population. We were to observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, we were to obtain evidence that the terminated employees' authorization has been removed.

We obtained the terminated employee listing from management and made inquiries with management to determine which, if any, terminated employees were assigned a credit card or had authorization to use a credit card. We inspected evidence maintained by management for the selected terminated employees and observed that the credit cards associated with each terminated employee were deactivated.

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

- A. We obtained 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. We randomly selected five reimbursements and obtained the related expense reimbursement forms/prepaid expense documentation, as well as supporting documentation. For each of the five reimbursements selected

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

We found no exceptions as a result of the procedures.

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

We found no exceptions as a result of the procedures.

- iii. We observed 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



We found no exceptions as a result of the procedures.

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

We found no exceptions as a result of the procedures.

8) Contracts

- A. We obtained 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. We obtained management's representation that the listing is complete. We randomly selected five contracts (or all contracts if less than five) from the listing, excluding BDO's contract, and
 - i. Observed whether each contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observed whether each 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), we observed 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 selected one payment from the fiscal period for each of the five contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

We found no exceptions as a result of the procedures.

9) Payroll and Personnel

- A. We obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates within their personnel files.

We found no exceptions as a result of the procedures.

- B. We randomly selected one pay period during the fiscal period. For the five employees or officials selected under procedure #9A above, we obtained attendance records and leave documentation for the pay period, and:
 - i. Observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observed whether supervisors approved the attendance and leave of the selected employees or officials;

- iii. Observed that any leave accrued or taken during the pay period is reflected in the Hospital's cumulative leave records; and
- iv. Observed the rate paid to the employees or officials agreed to the authorized salary/pay rate found within the personnel file.

We found no exceptions as a result of the procedures.

- C. We obtained a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees or officials and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. We agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to the Hospital's policy.

We found no exceptions as a result of the procedures.

- D. We obtained 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) have been paid, and any associated forms have been filed by required deadlines.

We found no exceptions as a result of the procedures.

10) Ethics

- A. Using the five randomly selected employees/officials from Payroll and Personnel procedure #9A we obtained ethics documentation from management, and
 - i. Observed whether the documentation demonstrates that each employee/official completed one hour of required ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the Hospital maintains documentation which demonstrates that each employee and official were notified of any changes to the Hospital's ethics policy during the fiscal period, as applicable.

We found no exceptions as a result of the procedures.

- B. We inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

We found no exceptions as a result of the procedures.



11) Debt Service

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

We found no exceptions as a result of the procedures.

- B. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed 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).

We found no exceptions as a result of the procedures.

12) Fraud Notice

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

We found no exceptions as a result of the procedures.

- B. We observed that the Hospital 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.

We found no exceptions as a result of the procedures.

13) Information Technology Disaster Recovery/Business Continuity

- A. We obtained and inspected the Hospital's most recent documentation that it has backed up its critical data, and observed evidence that such back up (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- B. We obtained and inspected the Hospital's most recent documentation that it has tested/verified that its backups can be restored and observed evidence that the test/verification was successfully performed within the past three months.



We performed the procedure and discussed the results with management.

- C. We obtained a listing of the Hospital's computers currently in use and their related locations, and management's representation that the listing is complete. We randomly selected five computers and observed 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.

We performed the procedure and discussed the results with management.

- D. We randomly selected five terminated employees (or all terminated employees if less than five) using the listing of terminated employees obtained in Payroll and Personnel procedure #9C. We observed evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

- E. Using the five randomly selected employees/officials from Payroll and Personnel procedure #9C, we obtained cybersecurity training documentation from management, and observed 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.
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the five randomly selected employees/officials from Payroll and Personnel procedure #9A, we obtained sexual harassment training documentation demonstrating from management, and observed 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.

We found no exceptions as a result of the procedures.

- B. We observed that the Hospital has posted its sexual harassment policy and complaint procedure on its website.
We found no exceptions as a result of the procedures.

- C. We obtained the Hospital's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that the report includes the applicable requirements of R.S. 42:344:



- i. Number and percentage of public servants in the Hospital who have completed the training requirements.
- ii. Number of sexual harassment complaints received by the Hospital.
- 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.
- v. Amount of time it took to resolve each complaint.

We found no exceptions as a result of the procedures.

We were engaged by St. James Parish Hospital Service 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. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the amended Louisiana Revised Statute 24:513. 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 Hospital 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 agreed-upon procedures, and the result of the procedures, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

BDO USA, P.C.

September 30, 2026