MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2025

RICHARD CPAS

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA

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DECEMBER 31, 2025

MADISON PARISH HOSPITAL SERVICE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
Madison Parish Hospital Service District
(a proprietary component unit of Madison Parish Police Jury)
Tallulah, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Madison Parish Hospital Service District (the District), a component unit of Madison Parish Police Jury, State of Louisiana, as of and for the years ended December 31, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of December 31, 2025, and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

3421 N. Causeway Blvd. Suite 601 Metairie, LA 70002
(504) 289-8125 www.RICHARDCPAS.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the Agency Head (Schedule I) on page 33 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Schedule I 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 statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule I is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards on page 39, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 26, 2026

MADISON PARISH HOSPITAL SERVICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

As the managers of the District, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the District for the years ended December 31, 2025, and 2024. This discussion and analysis are designed to assist the reader in focusing on significant financial issues and activities.

We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Using This Annual Report

Our auditors have provided assurance in their independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is unmodified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Financial Highlights - 2025

- The District's assets exceeded its liabilities by $20,767,459.
- The District's net position increased by $825,778 for the year ended December 31, 2025.

Financial Highlights - 2024

- The District's assets exceeded its liabilities by $19,941,681.
- The District's net position decreased by $273,189 for the year ended December 31, 2024.

Overview of the Financial Statements

The District's basic financial statements comprise of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, a Statement of Cash Flows, and the related notes to the financial statements. Since the District consists of a single enterprise fund, no fund level financial statements are shown.

Basic financial statements. The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The Statements of Net Position present information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities result in an increased net position, which indicates an improved financial position.

The statements of revenues, expenses and changes in net position presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Overview of the Financial Statements (continued)

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis -2025

The Statements of Net Position includes information on all of the District's assets and liabilities with the difference reported as net position. The statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

In 2025, net position increased by $825,778 to $20,767,459, resulting from the excess of revenues over expenses for the year ended December 31, 2025. Current assets increased by $3,178,919, which includes a $1,354,915 increase in cash and cash equivalents, a $1,171,924 decrease in patient accounts receivable, a $3,581,354 increase in grants receivable, and a $546,999 decrease in estimated third-party payor settlements receivable. Capital assets, net decreased by $2,204,216 as a result of additions of $596,847 offset by depreciation and amortization expense of $2,727,735. The change in current liabilities is due to an increase in estimated third-party settlements payable of $472,718 and an increase in accrued expenses and other liabilities of $251,950. Non-current liabilities decreased due to a decrease in long-term financed purchase leases, net of current maturities by $195,878 and a decrease in bonds payable by $481,768.

CONDENSED STATEMENTS OF NET POSITION

	2025	2024	Increase (Decrease)
Current assets	$ 17,725,125	$ 14,546,206	$ 3,178,919
Assets limited to use	1,166,243	1,137,790	28,453
Capital assets, net	28,498,966	30,703,182	(2,204,216)
Intangible assets, net	25,316	79,563	(54,247)
Total assets	$ 47,415,650	$ 46,466,741	$ 948,909
Current liabilities	$ 3,156,619	$ 2,434,693	$ 721,926
Non-current liabilities	23,491,572	24,090,367	(598,795)
Total liabilities	$ 26,648,191	$ 26,525,060	$ 123,131
Net position			
Net investment in capital assets	$ 3,897,364	$ 5,585,525	$ (1,688,161)
Unrestricted	16,870,095	14,356,156	2,513,939
Total net position	$ 20,767,459	$ 19,941,681	$ 825,778
Total liabilities and net position	$ 47,415,650	$ 46,466,741	$ 948,909

Financial Analysis -2025 (continued)

The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the District's financial health. For the year ended December 31, 2025, operating revenues increased by $2,233,983 due to an increase in net patient service revenues of $1,332,761, an increase in the District's rural health grant by $259,016 and an increase in other revenue by $642,206. The change in net patient revenues resulted from an increase in bad debt expense of $1,673,339 offset by an increase in patient service revenue of $3,006,100.

During 2025, operating expenses increased by $1,093,478. Employee benefits increased by $657,834, purchased services increased by $262,341 and legal and professional fees increased by $442,929. These increases were offset primarily by decreases in salaries and wages of $274,197 and purchased goods and supplies by $137,375.

Non-operating revenues in 2025 decreased by $41,538 as a result of the increase in loss on disposal of capital assets by $59,378.

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2025	2024	Increase (Decrease)
Operating revenues	$ 26,139,441	$ 23,905,458	$ 2,233,983
Operating expenses	26,568,046	25,474,568	1,093,478
Operating loss	(428,605)	(1,569,110)	1,140,505
Non-operating income (loss)			
Ad valorem taxes	1,473,683	1,444,180	29,503
Sales taxes	379,463	388,981	(9,518)
Revenue sharing	24,429	29,298	(4,869)
Interest income	163,610	146,926	16,684
Per diem	(4,800)	(5,550)	750
Loss on disposal of capital assets	(73,328)	(13,950)	(59,378)
Interest expense	(708,674)	(693,964)	(14,710)
Total non-operating revenue (expenses)	1,254,383	1,295,921	(41,538)
Change in net position	825,778	(273,189)	1,098,967
Net position, beginning of year	19,941,681	20,214,870	(273,189)
Net position, end of year	$ 20,767,459	$ 19,941,681	$ 825,778

Financial Analysis -2025 (continued)

The Statements of Cash Flows report the cash provided and used by the District's operations. The net change in cash was an increase of $1,354,915 in 2025. Cash flows from operating activities increased by $1,811,681 and non-capital financing activities remained consistent in 2025. The $151,324 increase in capital and related financing activities results primarily from payments made during the year for principal payments and interest payments on finance leases, operating leases and revenue bonds. Investing activities remained consistent during the year ended December 31, 2025.

CONDENSED STATEMENTS OF CASH FLOWS

	2025	2024	Increase (Decrease)
Cash flows from:			
Operating activities	$ 1,198,061	$ (613,620)	$ 1,811,681
Non-capital financing activities	1,843,272	1,805,642	37,630
Capital and related financing activities	(1,821,575)	(1,670,251)	(151,324)
Investing activities	135,157	141,449	(6,292)
Net change in cash	1,354,915	(336,780)	1,691,695
Beginning of year cash	6,939,052	7,275,832	(336,780)
End of year cash	$ 8,293,967	$ 6,939,052	$ 1,354,915

Financial Analysis -2024

In 2024, net position decreased by $273,189 to $19,941,681, resulting from the excess of expenses over revenues for the year ended December 31, 2024. Current assets increased by $1,043,987, which includes a $336,780 decrease in cash and cash equivalents, a $372,375 increase in patient accounts receivable, and a $937,006 increase in estimated third-party payor settlements receivable. Capital assets, net decreased by $2,517,557 as a result of additions of $210,346 offset by depreciation and amortization expense of $2,727,903. The change in current liabilities is due to a decrease in accrued expenses and other liabilities of $493,176. Non-current liabilities decreased due to a decrease in long-term financed purchase leases, net of current maturities by $263,884, a decrease in long-term operating leases, net of current maturities by $163,388, and a decrease in bonds payable by $343,438.

CONDENSED STATEMENTS OF NET POSITION

	2024	2023	Increase (Decrease)
Current assets	$ 14,546,206	$ 13,502,219	$ 1,043,987
Assets limited to use	1,137,790	1,132,313	5,477
Capital assets, net	30,703,182	33,220,739	(2,517,557)
Intangible assets, net	79,563	137,808	(58,245)
Total assets	$ 46,466,741	$ 47,993,079	$ (1,526,338)
Current liabilities	$ 2,434,693	$ 2,917,134	$ (482,441)
Non-current liabilities	24,090,367	24,861,075	(770,708)
Total liabilities	$ 26,525,060	$ 27,778,209	$ (1,253,149)
Net position			
Net investment in capital assets	5,585,525	8,493,976	(2,908,451)
Unrestricted	14,356,156	11,720,894	2,635,262
Total net position	$ 19,941,681	$ 20,214,870	$ (273,189)
Total liabilities and net position	$ 46,466,741	$ 47,993,079	$ (1,526,338)

Financial Analysis -2024 (continued)

For the year ended December 31, 2024, operating revenues increased by $2,583,147 due to an increase in net patient service revenues of $2,166,220, an increase in the District's rural health grant by $188,739 and an increase in other revenue by $228,188. The change in net patient revenues resulted from a decrease in bad debt expense of $2,574,240 offset by a decrease in patient service revenue of $408,020.

During 2024, operating expenses increased by $1,847,582. Salaries and wages increased by $1,042,722, employee benefits increased by $481,195, and depreciation and amortization increased by $526,668. These increases were offset by decreases in purchased foods and supplies by $129,689, legal and professional fees by $131,885, and repairs and maintenance and utilities by $104,687.

Non-operating revenues in 2024 increased by $2,716,474 as a result of the decrease in loss on disposal of capital assets by $1,806,200, a decrease in interest expense by $594,806, and decrease in debt issuance cost by $301,247.

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2024	2023	Increase (Decrease)
Operating revenues	$ 23,905,458	$ 21,322,311	$ 2,583,147
Operating expenses	25,474,568	23,626,986	1,847,582
Operating loss	(1,569,110)	(2,304,675)	735,565
Non-operating income (loss)			
Ad valorem taxes	1,444,180	1,417,138	27,042
Sales taxes	388,981	411,002	(22,021)
Revenue sharing	29,298	8,556	20,742
Grant revenue	-	156,368	(156,368)
Interest income	146,926	(3,450)	150,376
Per diem	(5,550)	(1,820,150)	1,814,600
Loss on disposal of capital assets	(13,950)	(1,288,770)	1,274,820
Interest expense	(693,964)	(301,247)	(392,717)
Total nonoperating revenue (expenses)	1,295,921	(1,420,553)	2,716,474
Change in net position	(273,189)	(3,725,228)	3,452,039
Net position, beginning of year	20,214,870	23,940,098	(3,725,228)
Net position, end of year	$ 19,941,681	$ 20,214,870	$ (273,189)

Financial Analysis -2024 (continued)

The net change in cash was a decrease of $336,780 in 2024. Cash flows from operating activities increased by $1,223,860 and non-capital financing activities remained consistent in 2024. The $5,229,726 increase in capital and related financing activities results primarily from payments made during the year ended December 31, 2023 for the construction and acquisition of property and equipment for the new Hospital that was placed in service during the year and revenue bond principal payments. Investing activities decreased by $2,420,735 as a result of the liquidation of $2,087,637 of the District's funds during the year ended December 31, 2023.

CONDENSED STATEMENTS OF CASH FLOWS

	2024	2023	Increase (Decrease)
Cash flows from:			
Operating activities	$ (613,620)	$ (1,837,480)	$ 1,223,860
Non-capital financing activities	1,805,642	1,781,307	24,335
Capital and related financing activities	(1,670,251)	(6,899,977)	5,229,726
Investing activities	141,449	2,562,185	(2,420,736)
Net change in cash	(336,780)	(4,393,965)	4,057,185
Beginning of year cash	7,275,832	11,669,797	(4,393,965)
End of year cash	$ 6,939,052	$ 7,275,832	$ (336,780)

Economic Outlook

The District serves Madison Parish which is located in northeast Louisiana. Madison Parish's 2025 population is estimated at 8,844. Its population has slowly declined over the years. While health care and retail lead in sheer job counts, agriculture defines the broader economic landscape of Madison Parish. Positioned in the fertile Mississippi River delta lowlands, the local economy historically relies heavily on massive farming operations. The per capita income in Madison Parish, Louisiana is $19,470, according to the latest U.S. Census Bureau QuickFacts. The Parish's per capita income is roughly three-fifths of the 2025 overall Louisiana average ($35,038) according to the Census Profile Reporter. Approximately 33.3% of the Madison Parish population lives below the federal poverty line, marking it as one of the lowest-income regions in the state. Average annual unemployment for 2024 and 205 was 7.1% according to data from the Federal Reserve Bank of St. Louis (FRED). The District expects similar economic conditions in the near term.

The District completed its new 24-bed and clinic facility in 2003, a total replacement for its then existing facility. The District expects to continue to be a primarily Medicaid and Medicare facility. The District expects to continue as a rural critical access facility and to receive substantial reimbursements for its status; there are limited medical facilities in the area. The District continues to focus its efforts on increasing utilization of the hospital facility, particularly utilization of hospital beds as swing nursing beds.

Request for Information

Information requests can be directed to Madison Parish Hospital Service District at:

Retired Chief Judge Felicia Toney Williams
In-house Legal Counsel/Chief Compliance Officer
Madison Parish Hospital
808 Johnson Street
Tallulah, Louisiana 71282
318-651-5602
FAX: (318) 574-2396
fwilliams@madisonparishhospital.com

MADISON PARISH HOSPITAL SERVICE DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$ 8,293,967	$ 6,939,052
Patient accounts receivable, less allowance for bad debts ($763,888 in 2025 and $1,854,626 in 2024)	1,487,942	2,659,866
Grants receivable	3,581,354	-
Estimated third-party settlements receivable	2,259,436	2,806,435
Taxes receivable	1,473,683	1,444,180
Inventory	298,285	353,863
Prepaid expenses	330,458	342,810
Total current assets	17,725,125	14,546,206
ASSETS LIMITED TO USE		
Cash and cash equivalents - designated	1,166,243	1,137,790
Total assets limited to use	1,166,243	1,137,790
CAPITAL ASSETS, NET	28,498,966	30,703,182
INTANGIBLE ASSETS, NET	25,316	79,563
TOTAL ASSETS	$ 47,415,650	$ 46,466,741

LIABILITIES AND NET POSITION

	2025	2024
CURRENT LIABILITIES		
Current maturities of financed purchase leases	$ 195,878	$ 263,882
Current maturities of operating leases	432,491	293,041
Current maturities of bonds payable	481,661	470,367
Accounts payable	108,459	193,941
Accrued expenses and other liabilities	1,465,412	1,213,462
Estimated third-party settlements payable	472,718	-
Total current liabilities	3,156,619	2,434,693
NON-CURRENT LIABILITIES		
Long-term financed purchase leases, net of current maturities	89,812	285,690
Long-term operating leases, net of current maturities	599,029	520,178
Bonds payable, net of current maturities	22,802,731	23,284,499
Total non-current liabilities	23,491,572	24,090,367
TOTAL LIABILITIES	$ 26,648,191	$ 26,525,060
NET POSITION		
Net investment in capital assets	$ 3,897,364	$ 5,585,525
Unrestricted	16,870,095	14,356,156
Total net position	$ 20,767,459	$ 19,941,681

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Patient service revenues	$ 20,165,990	$ 17,159,890
Less: bad debt expense	(1,887,406)	(214,067)
Patient service revenues	18,278,584	16,945,823
Rural health grant	6,751,056	6,492,040
Other revenue	1,109,801	467,595
Total operating revenues	26,139,441	23,905,458
OPERATING EXPENSES		
Salaries and wages	10,794,446	11,068,643
Employee benefits	5,555,801	4,897,967
Purchased services	2,810,416	2,548,075
Purchased goods and supplies	1,403,194	1,540,569
Legal and professional fees	2,066,517	1,623,588
Depreciation and amortization	2,781,981	2,786,148
Repairs and maintenance and utilities	703,592	621,150
Other expenses	452,099	388,428
Total operating expenses	26,568,046	25,474,568
OPERATING LOSS	(428,605)	(1,569,110)
NON-OPERATING INCOME (LOSS)		
Ad valorem taxes	1,473,683	1,444,180
Sales taxes	379,463	388,981
Revenue sharing	24,429	29,298
Interest income	163,610	146,926
Per diem	(4,800)	(5,550)
Loss on disposal of capital assets	(73,328)	(13,950)
Interest expense	(708,674)	(693,964)
Total non-operating income (loss)	1,254,383	1,295,921
CHANGE IN NET POSITION	825,778	(273,189)
NET POSITION, BEGINNING OF THE YEAR	19,941,681	20,214,870
NET POSITION, END OF THE YEAR	$ 20,767,459	$ 19,941,681

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from patients and third-party payors	$ 21,580,026	$ 16,104,037
Other cash receipts from operations	3,169,702	6,492,040
Cash payments to employees for salaries and benefits	(16,317,626)	(15,919,283)
Cash payments to vendors for operating expenses and fees	(7,234,041)	(7,290,414)
Net cash provided by (used in) operating activities	1,198,061	(613,620)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Ad valorem taxes, sales taxes, and revenue sharing	1,843,272	1,805,642
Net cash provided by non-capital financing activities	1,843,272	1,805,642
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Construction and acquisition of property and equipment	(34,440)	(210,346)
Expenses for disposal of property and equipment	-	(13,950)
Proceeds from the issuance of bonds	-	127,410
Interest payments on interim construction loan	-	(50,261)
Principal payments on operating leases	(344,105)	(163,361)
Principal payments on financed purchase leases	(263,882)	(256,240)
Principal payments on revenue bonds	(470,474)	(459,800)
Interest payments on leases, loans and bonds	(708,674)	(643,703)
Net cash provided by (used in) capital and related financing activities	(1,821,575)	(1,670,251)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	163,610	146,926
Increase (decrease) in designated cash	(28,453)	(5,477)
Net cash provided by (used in) investing activities	135,157	141,449
Net change in cash and cash equivalents	1,354,915	(336,780)
Cash and cash equivalents, beginning of year	6,939,052	7,275,832
Cash and cash equivalents, end of year	$ 8,293,967	$ 6,939,052

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities areas follows:		
Operating income (loss)	$ (428,605)	$ (1,569,110)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	2,781,981	2,786,148
(Increase) decrease in operating assets		
Patient accounts receivable, net	1,171,924	(372,375)
Grants receivable	(3,581,354)	-
Estimated third-party payor settlements receivable	546,999	(937,006)
Prepaid expenses	12,352	(16,690)
Inventory	55,578	(3,429)
Increase (decrease) in operating liabilities		
Accounts payable	(85,482)	(7,982)
Accrued expenses and other liabilities	251,950	(493,176)
Estimated third-party payor settlements payable	472,718	-
Net cash provided by (used in) operating activities	$ 1,198,061	$ (613,620)
Supplemental disclosure of non-cash capital and related financing activities		
Operating leases	$ 562,406	$ 344,105
Interest paid	$ 708,674	$ 693,964

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

1. Summary of Significant Accounting Policies

History and Organization

Madison Parish Hospital Service District (the District) was created by the Police Jury of Madison Parish, Louisiana (the Parish), of which it is a component unit. The District was created pursuant to Chapter 10, Title 46, of the Louisiana Revised Statutes (R.S.) of 1950, as amended (R.S. 46:1051, et seq). The District's main purpose is to provide hospital facilities as well as support for Madison Parish Hospital (the Hospital). The District operates the Hospital and its hospital-based Rural Health Care Clinics. The operations of these facilities are accounted for in one enterprise fund.

The District is a political subdivision of the Madison Parish Police Jury (MPPJ), whose jurors are elected officials. The District's commissioners are appointed by the MPPJ with term limits. As the governing authority of the Parish, for reporting purposes, the MPPJ is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the MPPJ as defined by the Governmental Accounting Standards Board pronouncement. The accompanying financial statements present information only on the funds maintained by the District and do not present information of MPPJ, the general governmental services provided by that governmental unit, or the other governmental units that comprise the MPPJ financial reporting entity.

Nature of Activities

The Hospital operated by the District is considered a critical access rural hospital. The District provides outpatient emergency and inpatient hospital services as well as outpatient services through its hospital-based Rural Health Care Clinics near the Hospital. The Hospital and hospital-based Rural Health Care Clinics provide services to the public primarily located in Madison Parish, Louisiana.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non-exchange transactions (principally, government grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions.

Government-mandated non-exchange transactions that are not program-specific, investment income, and interest on capital assets-related debt are included in non-operating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

1. Summary of Significant Accounting Policies (continued)

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Cash and Cash Equivalents

Cash consists of interest-bearing and non-interest-bearing demand deposits. Cash equivalents, if any, include all highly liquid investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. All amounts in excess of Federal Deposit Insurance Corporation (FDIC) insured amounts are required by Louisiana Statute to be secured by securities invested in the U.S. Government. The District had no cash equivalents for the years ended December 31, 2025 and 2024.

Patient Accounts Receivable

The District grants credit without collateral to its patients, most of whom are local residents. Some are insured under third-party agreements. Patient accounts receivable are stated net of the allowance for estimated uncollectible amounts and third-party contractual adjustments. The allowance for uncollectible accounts is based on subsequent collections. This account is generally increased by charges to a provision for uncollectible accounts and decreased by write-offs of accounts determined by management to be uncollectible. The District does not charge interest on past due accounts.

Receivables or payables related to estimated settlements on various risk contracts in which the District participates are reported as estimated third-party payor receivables or payables.

Inventory

Inventories represent medical and dietary supplies and are valued at the latest invoice price, which approximates the lower of cost (first-in, first-out method) or market.

Prepaid Expenses

Prepaid expenses are amortized on a straight-line basis over the contract period of the respective items and consist primarily of insurance premiums.

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets of the District are recorded at cost or, if donated, at fair value at date of donation. Depreciation is computed using the straight-line method over their estimated useful lives. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

The following estimated useful lives are generally used:

Buildings and improvements	20 - 40 years
Machinery and equipment	5 - 7 years
Medical equipment	5 - 7 years

Intangible Assets

Intangible assets' estimated useful lives are generally 5 years. Further, intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. The District recorded no impairments recorded in 2025 and 2024.

Net Patient Service Revenue and Concentration of Credit Risk

The District has agreements with third-party payors that provide payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments with third-party payors are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined. Net patient service revenue is reported net of provision for contractual adjustments.

The payment arrangements include:

Medicare

The District is designated as a critical access hospital and is paid for inpatient acute care, skilled swing-bed, and outpatient services rendered to Medicare program beneficiaries at one hundred one percent (101%) of actual cost subject to certain limitations. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare Administrative Contractor. Beginning April 1, 2013, a mandatory payment reduction, known as sequestration, of two percent (2%) went into effect. Under current legislation, sequestration is scheduled to last until 2032.

1. Summary of Significant Accounting Policies (continued)

Net Patient Service Revenue and Concentration of Credit Risk (continued)

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost reimbursement methodology. The District is reimbursed at a tentative rate with the final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid program.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Revenue derived from the Medicare program is subject to audit and adjustment by the fiscal intermediary and must be accepted by the United States Department of Health and Human Services before settlement amounts become final. Revenue derived from the Medicaid program is subject to audit and adjustment and must be accepted by the State of Louisiana, Department of Health before the settlement amount becomes final.

The District has recorded a net receivable of $1,786,718 and $2,728,935 at December 31, 2025 and 2024, respectively, to Medicare and Medicaid programs which are included as a component of the estimated third-party settlements payable caption on the statements of net position, along with the balance due in relation to the matters described in Note 7.

The fiscal intermediary has completed its review of estimated Medicare settlements for fiscal years ended through December 31, 2022. The fiscal intermediary has completed its review of estimated Medicaid settlements for fiscal years ended through December 31, 2019. Annually, management evaluates the recorded estimated settlements and adjusts these balances based upon the results of the fiscal intermediary's audit of filed cost reports and additional information becoming available. The District does not anticipate significant adverse adjustments to the recorded settlements for those years.

Other Agreements

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

1. Summary of Significant Accounting Policies (continued)

Net Patient Service Revenue and Concentration of Credit Risk (continued)

Charity Care

Effective November 1, 2016, the District approved a charity care policy. The policy allows the District to provide services without charge or at amounts less than established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care amounted to $0 and $2,248 for the years ended December 31, 2025 and 2024, respectively.

The following is a summary of net revenue by payor type for the years ended December 31, 2025 and 2024:

	2025	2024
Commercial	18.16%	16.68%
Medicare	38.08%	35.05%
Medicaid	37.59%	42.21%
Self Pay	6.17%	6.06%
Total	100.00%	100.00%

Gifts, Grants, and Bequests

Gifts, grants, and bequests not designated by donors for specific purposes are reported as non-operating revenue regardless of the use for which they might be designated by the Board of Commissioners. Grants are recognized as revenue when earned. Expense driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met.

Rural Hospital Grant

The District provides medical care to patients in rural Madison Parish, some of which are unable to pay for the services received. Since the District serves a disproportionate share of low-income patients, it qualifies for additional reimbursements. The funds are received from another hospital service district and are reported as rural health grant payments in these financial statements.

Operating Revenues and Expenses

The District's statements of revenues, expenses, and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the District's principal activity. Non-exchange revenues, including taxes, grants, and revenue sharing payments received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

Employees of the District are entitled to paid vacation and sick days depending on length of service and other factors. Vested or accumulated vacation pay is recorded as an expense and a liability as the benefits accrue to employees for service already rendered, and any unused amount is payable at termination.

During 2015, the District adopted a Paid-Time-Off (PTO) policy to replace the existing vacation and sick time benefits. Employees who had accrued "unused sick time" prior to the new policy effective date had these hours stored in a special account. These hours can only be used when an employee does not have PTO time available and only for illness. If an employee leaves employment, any unused hours in this special account are not paid. Employees (except for management and physicians with CEO approval) may not carry over more than 400 hours at the end of any calendar year. In September 2017, the PTO policy was amended which permits employees to be paid for hours in excess of 88 hours.

Leases

The District is a lessee for noncancellable lease of equipment. It recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The District uses the interest rate charged by the lessor at the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the prime interest rate at inception of lease.

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

Accounting 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. Of particular significance to the District's financial statements are estimates involving allowances for doubtful accounts and estimates of amounts to be received under government health care and other provider contracts. Actual results could differ from those estimates, and those differences may be material.

1. Summary of Significant Accounting Policies (continued)

Ad Valorem Taxes

The District is permitted by state statute to levy taxes up to 13.11 mills per $1,000 of assessed valuation for 2025 and 2024. Ad valorem taxes are levied each November 1st on the assessed value listed as of the prior January 1st for property located within the District. The assessed value for 2025 and 2024, upon which the levy was based, netted the District $1,473,683 and $1,444,180 of tax revenue, respectively. Taxes become delinquent on December 31st of each year. Delinquent property tax certificates are sold to the public beginning April 1st, at which time a lien attaches to the property. In the election held on November 6, 2018, the tax was renewed for a period of 20 years.

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries; natural disasters; and medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters. The District is a member of the Louisiana Patient's Compensation Fund for the purpose of malpractice insurance. All participating hospitals share proportionately in the expense of the fund. As a participant, the District has a statutory limitation of liability which provides that no award can be rendered against it in excess of $500,000 plus interest and costs. The District has insurance coverage for health care claims and professional liability with aggregate coverage of $2,500,000. The District is self-insured with stop-loss coverage for health insurance purposes as more fully discussed in Note 7.

Net Position

Net position classifications are defined as follows:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets.

Restricted – When present, consists of non-capital assets that must be used for a particular purpose, as specified by creditors, granters, or contributors external to the authority, including amounts deposited with trustees as required by bond indentures. The District typically uses restricted assets first, but reserves the right to selectively defer.

Unrestricted – Consists of the remaining assets that do not meet the definition of net investment in capital assets or restricted.

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements –Adopted

The GASB issued Statement No. 100, Accounting Changes and Error Correction — an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement is effective for fiscal years beginning after June 15, 2023. The adoption of this standard did not have any material impact on the financial statements of the District.

The GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal year beginning after December 15, 2023. The adoption of this standard did not have any material impact on the financial statements of the District.

The GASB issued Statement No. 102 Certain Risk Disclosures, in December 2023, and is effective for fiscal years beginning after June 15, 2024. This Statement's primary objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Statement No. 102 was implemented by the District for the year ended December 31, 2025. The adoption of this standard did not have any material impact on the financial statements of the District.

Accounting Pronouncements –Not Yet Adopted

GASB Statement No. 103, "Financial Reporting Model Improvements," establishes new accounting and financial reporting requirements – or modifies existing requirements – related to the following: (a) Management's discussion and analysis (MD&A), (b) Unusual or infrequent items, (c) Presentation of the Proprietary fund statement of revenues, expenses, and changes in fund net position, (d) Information about major component units in basic financial statements, (e) Budgetary comparison information and (f) Financial trends information in the statistical section. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The District has not yet determined the effect this Statement will have on the District's financial statements and disclosures.

GASB Statement 104, "Disclosure of Certain Capital Assets," requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement 34, including leases and subscription-based information technology arrangements. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The District has not yet determined the effect this Statement will have on the District's financial statements and disclosures.

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements –Not Yet Adopted, continued

GASB Statement No. 105, "Subsequent Events," establishes new accounting and financial reporting requirements for subsequent events and supersedes prior GASB Statement No. 56 guidance on subsequent events. It defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued; requires disclosure of the date through which subsequent events have been evaluated; clarifies recognized and nonrecognized subsequent events; and establishes specific note disclosure requirements for nonrecognized events. The requirements are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter, with earlier application encouraged. The District has not yet determined the effect this Statement will have on the District's financial statements and disclosures.

2. Cash and Cash Equivalents

Cash and Cash equivalents include the following at December 31:

	2025	2024
Cash	$ 8,293,967	$ 6,939,052
Cash - Designated	1,166,243	1,137,790
Total	$ 9,460,210	$ 8,076,842

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2025 and 2024, the Districts deposits had a bank balance of $9,568,540 and $8,189,025, respectively. These deposits were secured from risk by the pledge of securities with a market value of $806,950 and $234,465, respectively, owned by the fiscal agent bank in the District's name and letters of credit in the amount of $10,000,000 and $7,000,000, respectively, for the years ended December 31, 2025 and 2024. The bank balance at December 31, 2025, was fully collateralized. The bank balance at December 31, 2024, was undercollateralized by $703,060.

3. Intangible Assets, Net

Intangible assets consist of software licensing. Costs of $294,974 and $294,974 are being amortized over the lives of the assets on a straight-line basis for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, accumulated amortization totaled $269,658 and $215,411, respectively. Intangible assets, net of accumulated amortization, as of December 31, 2025 and 2024, totaled $25,316 and $79,563, respectively. Amortization expense for the years ended December 31, 2025 and 2024, was $54,247 and $58,245, respectively. During the year ended December 31, 2025, no intangible assets were disposed of by the District. During the year ended December 31, 2024, the District disposed of $13,000 of assets that were fully amortized.

MADISON PARISH HOSPITAL SERVICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

4. Capital Assets

The capital assets of the District as of December 31, 2025 and 2024 consist of the following:

	January 1, 2025	Additions	Disposals	Transfer in/(out)	December 31, 2025
Non-depreciable capital assets:					
Land	$ 447,113	$ -	$ -	$ -	$ 447,113
Total non-depreciable capital assets	447,113	-	-	-	447,113
Depreciable capital assets:					
Buildings and improvements	29,944,236	-	-	-	29,944,236
Medical equipment	3,875,635	34,441	(96,696)	-	3,813,380
Right-of-use equipment	1,544,745	562,406	(155,538)	-	1,951,613
Total depreciable capital assets	35,364,616	596,847	(252,234)	-	35,709,229
Less: Accumulated depreciation and amortization	(5,108,547)	(2,727,735)	178,906	-	(7,657,376)
Total depreciable capital assets, net	30,256,069	(2,130,888)	(73,328)	-	28,051,853
Capital assets, net	$ 30,703,182	$(2,130,888)	$(73,328)	$ -	$ 28,498,966

	January 1, 2024	Additions	Disposals	Transfer in/(out)	December 31, 2024
Non-depreciable capital assets:					
Land	$ 447,113	$ -	$ -	$ -	$ 447,113
Total non-depreciable	447,113	-	-	-	447,113
Depreciable capital assets:					
Buildings and improvements	29,938,595	5,641	-	-	29,944,236
Medical equipment	3,829,892	45,743	-	-	3,875,635
Right-of-use equipment	1,385,783	158,962	-	-	1,544,745
Total depreciable capital assets	35,154,270	210,346	-	-	35,364,616
Less: Accumulated depreciation and amortization	(2,380,644)	(2,727,903)	-	-	(5,108,547)
Total depreciable capital assets, net	32,773,626	(2,517,557)	-	-	30,256,069
Capital assets, net	$ 33,220,739	$(2,517,557)	$ -	$ -	$ 30,703,182

4. Capital Assets (continued)

Depreciation expense, which includes financed purchase lease assets and does not include amortization of intangibles, incurred for the years ended December 31, 2025 and 2024, was $2,379,049 and $2,397,266, respectively. Amortization expense of right-of-use equipment was $348,686 and $330,637 for the years ended December 31, 2025 and 2024, respectively. Included in the cost of assets above are financed purchase lease assets with a cost of $1,238,352 and $1,238,352, as well as accumulated depreciation of $832,435 and $559,662, as of December 31, 2025 and 2024, respectively.

During the year ended December 31, 2025, the District disposed of $252,234 assets, resulting in a loss of $73,328.

5. Leases

Financed Purchase Leases

The District had the following financed purchase leases payable for the year ended December 31, 2025:

Lessor	January 1, 2025	Additions	Reductions	December 31, 2025	Due Within One Year
AvTech	$ 126,282	$ -	$ 53,197	$ 73,085	$ 53,860
LA Barrington	38,395	-	13,106	25,289	13,589
LA Barrington	55,479	-	55,479	-	-
Orchard Cloud Services	67,228	-	44,229	22,999	22,999
R. J. Young	9,644	-	2,470	7,174	2,635
Regents Capital	252,544	-	95,401	157,143	102,795
Total	$ 549,572	$ -	$ 263,882	$ 285,690	$ 195,878

The District had the following financed purchase leases payable for the year ended December 31, 2024:

Lessor	January 1, 2024	Additions	Reductions	December 31, 2024	Due Within One Year
AvTech	$ 178,826	$ -	$ 52,544	$ 126,282	$ 53,197
LA Barrington	51,036	-	12,641	38,395	13,106
LA Barrington	113,708	-	58,229	55,479	55,479
Orchard Cloud Services	109,199	-	41,971	67,228	44,229
R. J. Young	11,959	-	2,315	9,644	2,470
Regents Capital	341,084	-	88,540	252,544	95,401
Total	$ 805,812	$ -	$ 256,240	$ 549,572	$ 263,882

5. Leases (continued)

Financed Purchase Leases (continued)

The terms and due dates of the District's financed purchase lease obligations for the years ended December 31, 2025 and 2024 are as follows:

An equipment financing arrangement in the original amount of $252,271, with an interest rate of 1.24% per annum, payable to AvTech Capital in sixty (60) monthly installments of $4,538, beginning July 5, 2022, through the maturity date of May 5, 2027. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of $65,587, with an interest rate of 3.62% per annum, payable to Leasing Associates of Barrington in sixty (60) monthly installments of $1,190, beginning January 30, 2023, through the maturity date of January 29, 2028. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of $175,317, with an interest rate of 4.04% per annum, payable to Leasing Associates of Barrington in thirty-six (36) monthly installments of $5,146, beginning February 21, 2023, through the maturity date of February 20, 2025. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of $269,440, with an interest rate of 5.25% per annum, payable to Orchard Cloud Services in sixty (60) monthly installments of $4,972, beginning June 24, 2021, through the maturity date of June 1, 2026. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of $12,949, with an interest rate of 6.50% per annum, payable to R.J. Young in sixty (60) monthly installments of $252, beginning August 24, 2023, through the maturity date of July 24, 2028. The lease is secured by the equipment financed under the agreement

An equipment financing arrangement in the original amount of $491,918, with an interest rate of 7.54% per annum, payable to Regents Capital, in twenty-one (21) quarterly installments of $27,944, beginning July 6, 2022, through the maturity date of April 6, 2027. The lease is secured by the equipment financed under the agreement.

5. Leases (continued)

Financed Purchase Leases (continued)

The minimum future lease payments under financed purchase leases as of December 31, 2025 are as follows:

Year ending December 31,	Amount
2026	$ 206,892
2027	90,089
2028	1,764
Total minimum lease payments under capital leases	298,745
Less: Amounts Representing Interest	(13,055)
Present value of net minimum lease payments	$ 285,690

Commitments Under Noncancelable Operating Leases

The District is committed under various noncancelable operating leases, all of which are for equipment. These leases expire in various years through 2028. The District has estimated lease liabilities and right-of-use assets using its incremental borrowing rate which is the prime rate as of the inception of the leases. The value of the right-to-use assets was $1,951,613 and 1,544,745, as well as accumulated depreciation of $953,494 and $760,346, as of December 31, 2025 and 2024, respectively.

Commitments Under Noncancelable Operating Leases (continued)

The District had the following operating leases payable for the year ended December 31, 2025:

Lessor	January 1, 2025	Additions	Reductions	December 31, 2025	Due Within One Year
Abbott	$ -	$ 483,192	$ 46,971	$ 436,221	$ 115,816
GE Healthcare	-	79,214	4,094	75,120	26,485
Broad Voice	10,672	-	10,672	-	-
Broad Voice	2,922	-	2,922	-	-
Med One	90,577	-	30,158	60,419	32,098
Mitsubishi HC Capital	10,176	-	4,048	6,128	4,276
Omnicell	48,694	-	11,453	37,241	11,921
Siemans Financial	273,651	-	103,133	170,518	106,642
Siemans Financial	145,537	-	56,759	88,778	58,689
Siemans Financial	134,921	-	50,849	84,072	52,579
Siemans Healthineers	15,111	-	3,998	11,113	4,164
Siemans Healthineers	80,958	-	19,048	61,910	19,821
Total	$ 813,219	$ 562,406	$ 344,105	$ 1,031,520	$ 432,491

5. Leases (continued)

The District had the following operating leases payable for the year ended December 31, 2024:

Lessor	January 1, 2024	Additions	Reductions	December 31, 2024	Due Within One Year
Broad Voice	$ 52,438	$ -	$ 41,766	$ 10,672	$ 10,672
Broad Voice	14,357	-	11,435	2,922	2,922
Med One	118,913	-	28,336	90,577	30,158
Mitsubishi HC Capital	14,007	-	3,831	10,176	4,049
Siemans	-	59,698	11,004	48,694	11,453
Siemans Financial	373,391	-	99,740	273,651	103,133
Siemans Financial	200,428	-	54,891	145,537	56,759
Siemans Financial	184,097	-	49,176	134,921	50,849
Siemans Healthineers	18,949	-	3,838	15,111	3,998
Siemans Healthineers	-	99,264	18,306	80,958	19,048
Total	$ 976,580	$ 158,962	$ 322,323	$ 813,219	$ 293,041

Principal and interest payments due on lease liabilities are as follows:

December 31,	Principal	Interest	Total
2026	$ 432,492	$ 32,502	$ 464,994
2027	340,734	16,537	357,271
2028	183,170	7,201	190,371
2029	75,124	957	76,081
	$ 1,031,520	$ 57,197	$ 1,088,717

6. Contingencies

The District evaluates contingencies based upon the best available evidence. To the extent that the resolutions of these contingencies result in amounts which vary from the District's estimates, future earnings will be charged or credited.

Governmental Third-Party Reimbursement Programs

The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as a result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments, if any, cannot be determined.

6. Contingencies (continued)

Governmental Third-Party Reimbursement Programs, continued

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

Health Care Industry

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, privacy, government health care program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Litigation and Other Matters

Various claims in the ordinary course of business are pending against the District. Claims known in amount and expected to ultimately be paid have been accrued. Other claims, in the opinion of management and counsel, are not material, and insurance is sufficient to cover adverse legal determination in these cases.

The District is being sued by a former employee for wrongful termination. The District's legal counsel estimates that the chance of an unfavorable outcome to be reasonably possible and estimates the damages to be between $175,000 and $250,000.

No amounts for the potential losses have been provided.

7. Employee Medical Benefit Plan

The District is self-insured to provide group medical coverage for its employees. A third party administers the group medical coverage for the District. The District funds its losses based on actual claims. A stop-loss insurance contract executed with an insurance carrier covered individual claims in excess of $75,000 for the plan years ended December 31, 2025 and 2024. There were no significant changes in insurance coverage from the prior year.

7. Employee Medical Benefit Plan, continued

The liability for unpaid claims including incurred but not reported amounts, if any, is estimated based on actual claims paid subsequent to year-end and is included in accrued expenses in the accompanying statements of net position. Changes in the District's claims liability during the years ended December 31, 2025 and 2024 are reflected below:

Claims Liability 1/1/2025	Claim Payments	Claims and Changes in Estimates	Claims Liability 12/31/2025
$ 419,843	$ (2,994,627)	$ 3,113,710	$ 538,926

Claims Liability 1/1/2024	Claim Payments	Claims and Changes in Estimates	Claims Liability 12/31/2024
$ 325,412	$ (2,607,328)	$ 2,701,759	$ 419,843

8. Employee Savings Plan and Trust

The District established an Employee Savings Plan and Trust (the Plan) on March 9, 2015, with an effective implementation date of July 1, 2015. The Plan was established in accordance with Internal Revenue Code (IRC) 457(b). Plans established under IRC 457(b) are eligible plans and are available to certain state and local governments. The plan assets are held in a Trust.

The IRC 457(b) plan has many tax advantages, including one similar to a 401(k) plan which allows employees of the District who are participants to defer income taxation on retirement savings on both employee contributions and employer contributions, as well as earnings on these contributions, into future years.

The Plan has an accounting year of January 1st through December 31st. The District has agreed to match contributions made by the employees as follows:

- Matching contributions will be made every pay period, in amounts equal to 100% of the first 3% of compensation deferred by the participant, plus 50% of the next 2% of compensation deferred by the participant.
- Total IRC 457(b) contributions, including elective deferrals by participants and matching contributions by the employer, shall not exceed the lesser of 100% of the participant's compensation or the Applicable Dollar Amount in accordance with the Plan and limited in accordance with Internal Revenue Service Regulations.
- No employer contributions (contribution by the employer that is not a matching contribution) will be made to the Plan for the plan year beginning January 1, 2025 and ending December 31, 2025.

8. Employee Savings Plan and Trust, continued

The Plan had 77 participants during the period January 1, 2025, through December 31, 2025. Actual participant contributions for the period ended December 31, 2025 were $280,312, and the employer matching funds for the same period were $190,257. Amounts for both the participant contributions and the employer's match are transferred to the separate Trust within the same business day.

9. Notes and Bonds Payable

On June 23, 2023, the District issued $24,314,590 Series 2023A Hospital Revenue Bonds, that bear an interest rate of 2.375% payable monthly over 35 years. The bond is secured by a pledge of the Districts revenues and a mortgage of its immovable property.

A summary of changes in the District's Revenue Bonds payable during the year ended December 31, 2025, is as follows:

	January 1, 2025	Additions	Reductions	December 31, 2025	Due Within One Year
Series 2023A	$ 23,754,866	$ -	$ 470,474	$ 23,284,392	$ 481,661
	$ 23,754,866	$ -	$ 470,474	$ 23,284,392	$ 481,661

A summary of changes in the District's Revenue Bonds payable during the year ended December 31, 2024, is as follows:

	January 1, 2024	Additions	Reductions	December 31, 2024	Due Within One Year
Series 2023A	$ 24,087,256	$ 127,410	$ 459,800	$ 23,754,866	$ 470,367
	$ 24,087,256	$ 127,410	$ 459,800	$ 23,754,866	$ 470,367

9. Notes and Bonds Payable (continued)

Principal and interest payments due on the District's revenue bonds over the next five years and thereafter are as follows:

December 31,	Principal	Interest	Total
2026	$ 481,661	$ 547,843	$ 1,029,504
2027	493,226	536,278	1,029,504
2028	505,048	524,456	1,029,504
2029	517,195	512,309	1,029,504
2030	529,613	499,891	1,029,504
2031-2035	2,845,000	2,302,520	5,147,520
2036-2040	3,203,325	1,944,195	5,147,520
2041-2045	3,606,825	1,540,695	5,147,520
2046-2050	4,061,126	1,086,394	5,147,520
2051-2055	4,572,649	574,871	5,147,520
2056-2058	2,468,724	75,794	2,544,518
	$ 23,284,392	$ 10,145,246	$ 33,429,638

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2026, and determined that no matters require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

Schedule I

MADISON PARISH HOSPITAL SERVICE DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2025

Agency Head Name: Dr. Satira Perry, Interim CEO

Purpose:	Amount
Salary	$ 408,300
Benefits - Health Insurance	1,300
Benefits - Retirement	11,231
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference Travel	-
Continuing professional education fees	-
Housing	-
Unvouched Expenses	-
Special Meals	-
District provided Cell Phone	-
Total	$ 420,831

See accompanying independent auditor's report.

RICHARD CPAS

<u>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*</u>

To the Members of the Board of Commissioners
Madison Parish Hospital Service District
(a proprietary component unit of Madison Parish Police Jury)
Tallulah, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Madison Parish Hospital Service District (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 26, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

3421 N. Causeway Blvd. Suite 601 Metairie, LA 70002
(504) 289-8125 www.RICHARDCPAS.com

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
June 26, 2026

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board of Commissioners
Madison Parish Hospital Service District
(a proprietary component unit of Madison Parish Police Jury)
Tallulah, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Madison Parish Hospital Service District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

3421 N. Causeway Blvd. Suite 601 Metairie, LA 70002
(504) 289-8125 www.RICHARDCPAS.com

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Richard CPAS

Metairie, Louisiana
June 26, 2026

MADISON PARISH HOSPITAL SERVICE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Grantor / Pass-Through Grantor / Program Title	Assistance Listing Number	Grant Number	Loan Balance	Federal Expenditures
Direct Awards:				
United States Department of Agriculture:				
Community Facilities Loans and Grants (Loan)	10.766	None	$ 23,284,392	$ 23,754,866
		Total	$ 23,284,392	$ 23,754,866

See accompanying independent auditor's report and notes to the schedule of expenditures of federal awards.

MADISON PARISH HOSPITAL SERVICE DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2025

1. Summary of Significant Account Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) is prepared using the accrual basis of accounting.

Complete Assistance Listing Numbers are presented for those programs for which such numbers were available. Assistance Listing Number prefixes and other identifying numbers are presented for programs for which a complete Assistance Listing Number is not available.

2. Indirect Cost Rate

The District has elected not to use the 10 percent de mini mis indirect cost rate allowed under the Uniform Guidance.

3. Reconciliation of Provider Relief Fund Grant Revenue Recognized in the Financial Statements to Federal Awards Expended on the SEFA

Reporting Period	Total Funding Received	Amount Recognized as Revenue in the Statements of Revenues, Expenses, and Changes in Net Position	Amount Reported as Federal Expenditure on the SEFA
FYE December 31, 2025	$ -	$ -	$ 23,754,866

The amount reported as federal expenditure on the schedule of expenditures (SEFA) includes the loan balance as of December 31, 2024, of $23,754,866.

MADISON PARISH HOSPITAL SERVICE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. Summary of Independent Auditor's Results

Financial Statements

(a) The type of report issued on the basic financial statements: **Unmodified**

(b) Internal control over financial reporting:

Material weakness(es) identified: **None reported**

Significant deficiency(ies) identified: **None reported**

(c) Noncompliance which is material to the basic financial statements: **None reported**

Federal Awards

(d) Internal control over major programs:

Material weakness(es) identified: **None reported**

Significant deficiency(ies) identified: **None reported**

(e) The type of auditors' report issued on compliance for major programs: **Unmodified**

(f) Audit findings disclosed that are required to be reported in accordance with Uniform Guidance: **No**

(g) Identification of major programs:

10.766 – Community Facilities Loans and Grants (Loan)

(h) Dollar threshold used to distinguish between Type A and B programs: **$1,000,000**

(i) Auditee qualified as a low-risk auditee: **No**

2. Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

None reported.

3. Findings Related to Major Federal Award Programs

None reported.

4. Status of Prior Year's Findings and Responses

2024-001 ***Compliance with Cash Collateral Requirements***

Criteria: In accordance with R.S. 39:1211-45, financial institutions with funds on deposit from a governmental agency shall maintain security equal to 100% of the collected funds on deposit, except that portion ($250,000 per bank) insured under the laws of the United States and the Federal Deposit Insurance Corporation (FDIC).

Condition: At December 31, 2024, the District had five deposit accounts with one financial institution with a bank balance of $8,187,525. The deposit was secured by FDIC coverage up to $250,000, letter of credit of $7,000,000, and securities pledged of $234,465. The remaining cash balance of $703,060 was not secured by the financial institution as of December 31, 2024.

Cause: The District did not perform a timely review of their collateral coverage for the year ended December 31, 2024.

Effect: The District is not in compliance with the State of Louisiana R.S. 39:1211-45 related to security for funds on deposit with financial institutions.

Recommendation: RICHARD CPAS recommends the District work with its financial institution to be in compliance with the State of Louisiana requirements and provide for periodic internal status reports to management.

Management's Response: The District concurs with the finding. After December 31, 2024, the District secured collateral for the deposit account.

Current Status: Resolved; not repeated.

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2025

RICHARD CPAS

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2025

MADISON PARISH HOSPITAL SERVICE DISTRICT

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Madison Parish Hospital Service District and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. Madison Parish Hospital Service District's (the District) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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

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

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

Richard CPAS

Metairie, Louisiana
June 26, 2026

3421 N. Causeway Blvd. Suite 601 Metairie, LA 70002
(504) 289-8125 www.RICHARDCPAS.com

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exceptions were found as a result of this procedure"* or for step 13 *"we performed the procedure and discussed the results with management"*. If not, then a description of the exception ensues.

1) Written Policies and Procedures

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

2) Board or Finance Committee

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

3) Bank Reconciliations

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

4) Collections (excluding electronic funds transfers)

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

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

i. Observe that receipts are sequentially pre-numbered.

Exception noted. Receipts are not sequentially pre-numbered.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

iv. Observe 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 thedeposit is less than $100 and the cash is stored securely in a locked safe or drawer).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

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

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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;

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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.

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

C. Using the monthly statements or combined statements selected under #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were found as a result of this procedure.

D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

No exceptions were found as a result of this procedure.

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

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

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

No exceptions were found as a result of this procedure

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

No exceptions were found as a result of this procedure.

iii. Observe 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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

8) Contracts

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

   No exceptions were found as a result of this procedure.

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

   No exceptions were found as a result of this procedure.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

   i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

      No exceptions were found as a result of this procedure.

   ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

      No exceptions were found as a result of this procedure.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

   No exceptions were found as a result of this procedure.

11) Debt Service

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

   No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

12) Fraud Notice

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

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

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

  We performed the procedure and discussed the results with management.

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

  We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

- Hired before June 9, 2020- completed the training.

  We performed the procedure and discussed the results with management.

- 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 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe 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.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

i. Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions were found as a result of this procedure.

ii. Number of sexual harassment complaints received by the agency;

No exceptions were found as a result of this procedure.

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions were found as a result of this procedure.

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions were found as a result of this procedure.

v. Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.

MADISON PARISH HOSPITAL SERVICE DISTRICT

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

MANAGEMENT RESPONSES:

4. Collections (excluding electronic funds transfers) D.i.

Management concurs with the finding. Management is putting measures in place to be in compliance with the procedures.