

Financial Statements
June 30, 2025 and 2024

**North Caddo Hospital Service District
dba North Caddo Medical Center**

North Caddo Hospital Service District
dba North Caddo Medical Center
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June 30, 2025 and 2024

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Independent Auditor's Report

The Board of Commissioners
North Caddo Hospital Service District
dba North Caddo Medical Center
Vivian, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of North Caddo Hospital Service District dba North Caddo Medical Center (Medical Center), as of and for the years then ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Medical Center, as of June 30, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Medical Center 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, which raise substantial doubt about the Medical Center'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.

Adoption of New Accounting Standard

As discussed in Note 17 to the financial statements, the Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the Authority's current liabilities, long-term liabilities and net position as of June 30, 2024. Our opinion is not modified with respect to this matter.

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, the Schedule of Employer's Proportionate Share of the Net Pension Liability on page 51 and Schedule of Employer Pension Contributions on page 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Medical Center's basic financial statements. The schedules of statement of net patient service revenue, schedules of statement of other revenue, schedules of statement of operating expenses, schedule of compensation, benefits, and other payments to agency head, schedule of per diem and other compensation paid to Medical Center board members, and schedule of insurance policies, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules of statement of net patient service revenue, schedules of statement of other revenue, schedules of statement of operating expenses, schedule of compensation, benefits, and other payments to agency head, schedule of per diem and other compensation paid to Medical Center board members, and schedule of insurance policies is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025 on our consideration of the Medical Center'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 Medical Center'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 Medical Center's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed text of the firm's name and date.

Oklahoma City, Oklahoma
December 31, 2025

Introduction

The discussion and analysis of the financial performance for North Caddo Hospital Service District dba North Caddo Medical Center (Medical Center) provides an overview of the Medical Center's financial activities and balances as of and for the fiscal years ended June 30, 2025, 2024 and 2023. The intent of this discussion and analysis is to provide further information on the Medical Center's performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding their understanding of the Medical Center's financial status.

Financial Highlights

- Total assets increased in 2025 by \$2,370,404 or 4% and increased in 2024 by \$4,574,821 or 9%.
- Total liabilities decreased in 2025 by \$1,515,359 or 6% and decreased in 2024 by \$2,043,382 or 7%.
- The Medical Center net position increased in 2025 by \$2,268,776 or 6% and increased in 2024 by \$4,986,439 or 17%.
- The Medical Center reported an operating loss in 2025 of \$470,366 and an operating loss in 2024 of \$2,942,078 and operating loss in 2023 of \$1,727,975. During 2025, the operating loss decreased by \$2,471,712 or 84% and the operating loss increased by \$1,214,103 or 70% during 2024.

Using This Annual Report

The Medical Center's financial statements consist of three statements – Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Medical Center including resources help by the Medical Center but restricted for specific purposes by contributors, grantors, or enabling legislation. The Medical Center is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about the Medical Center's finances is, "Is the Medical Center as a whole better or worse off because of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position reports information about the Medical Center resources and its activities in a way the helps answer this question. These Statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Medical Center's net position and changes in them. You can think of the Medical Center's net position – the difference between assets and liabilities – as one way to measure the Medical Center's financial health, or financial position. Over time, increases in the Medical Center's net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors, such as changes in the Medical Center's patient base and measures of the quality of services it provides the community, as well as local economic factors to assess the overall health of the Medical Center.

The Statement of Cash Flows

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period.

The Medical Center's Net Position

The Center's net position is the difference between its assets, deferred outflows of resources, liabilities and deferred inflows of resources reported in the statement of net position. The Center's net position increased by \$2,268,776 or 6% in 2025 and increased \$4,986,439 or 17% in 2024 as shown below in Table 1.

Table 1: Assets, Liabilities and Net Position

	2025	2024 Restated	2023
Assets			
Current assets	\$ 22,096,160	\$ 22,940,030	\$ 19,049,610
Noncurrent cash	2,790,693	2,026,814	4,631,654
Capital assets, net	33,628,865	32,910,555	29,619,884
Other noncurrent assets	1,847,300	115,215	116,645
Total assets	60,363,018	57,992,614	53,417,793
Deferred Outflows of Resources	1,581,396	2,775,438	4,876,307
Total assets and deferred outflows of resources	<u>\$ 61,944,414</u>	<u>\$ 60,768,052</u>	<u>\$ 58,294,100</u>
Liabilities			
Current liabilities	\$ 4,635,055	\$ 5,071,800	\$ 3,970,782
Compensated absences	442,961	416,859	-
Long-term debt, less current maturities	19,483,709	20,588,425	24,149,684
Total liabilities	24,561,725	26,077,084	28,120,466
Deferred Inflows of Resources	950,943	527,998	739,552
Net Position			
Net investment in capital assets	13,059,972	11,352,823	6,844,039
Restricted	3,612,304	2,826,061	5,407,749
Unrestricted	19,759,470	19,984,086	17,182,294
Total net position	36,431,746	34,162,970	29,434,082
Total liabilities, deferred inflows of resources and net position	<u>\$ 61,944,414</u>	<u>\$ 60,768,052</u>	<u>\$ 58,294,100</u>

North Caddo Hospital Service District
dba North Caddo Medical Center
Management's Discussion and Analysis

A significant component of the change in the Medical Center's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position is the change in cash, patient receivables, other receivables and accounts payable. Cash and cash equivalents decreased \$1,345,181 or 66% in 2025 and decreased \$4,775,508 or 50% in 2024 as a result of a decrease in receipts from and on behalf of patients and increase in payments for employees and benefits. Patient receivables increased \$723,247 or 19% in 2025 and decreased \$1,042,415 or 38% in 2024. Other receivables increased \$613,555 in 2025 and increased \$984,653 in 2024. The increase in 2025 is attributed to the Medical Center meeting the requirements of a grant. Accounts payable decreased \$349,166 in 2025 and decreased \$1,666,183 in 2024. The decrease in 2025 is attributed to calendar timing of payments.

Table 2: Operating Results and Changes in Net Position

	2025	2024 Restated	2023
Operating Revenues			
Net patient service revenue	\$ 27,836,172	\$ 25,434,974	\$ 24,287,823
Other operating revenue	20,860,476	11,090,830	9,800,108
Total operating revenue	<u>48,696,648</u>	<u>36,525,804</u>	<u>34,087,931</u>
Operating Expenses			
Salaries, wages, and employee benefits	25,240,606	22,515,283	21,753,003
Supplies and other	21,095,538	14,300,438	11,474,648
Depreciation and amortization	2,830,870	2,652,161	2,588,255
Total operating expenses	<u>49,167,014</u>	<u>39,467,882</u>	<u>35,815,906</u>
Operating Loss	<u>(470,366)</u>	<u>(2,942,078)</u>	<u>(1,727,975)</u>
Nonoperating Revenues (Expenses)			
Investment income	370,034	573,334	212,687
Sales tax revenue	2,052,611	1,944,292	1,935,525
Provider relief funds	-	-	568,017
Non-employer pension contribution revenue	183,609	204,816	173,605
Property tax revenue	466,449	474,083	457,997
Other nonoperating revenues/expenses	8,222	3,866	2,829
Interest expense	(623,166)	(674,977)	(693,159)
Employee retention credit	-	4,481,154	-
Nonoperating revenues, net	<u>2,457,759</u>	<u>7,006,568</u>	<u>2,657,501</u>
Revenues in Excess of Expenses Before Capital Contributions	1,987,393	4,064,490	929,526
Capital Contributions	<u>281,383</u>	<u>921,949</u>	<u>149,655</u>
Change in Net Position	<u>2,268,776</u>	<u>4,986,439</u>	<u>1,079,181</u>
Net Position, Beginning of Year as previously reported	34,162,970	29,434,082	28,354,901
Adjustments	-	(257,551)	-
Net Position, Beginning of Year as restated	34,162,970	29,176,531	28,354,901
Net Position, End of Year	<u>\$ 36,431,746</u>	<u>\$ 34,162,970</u>	<u>\$ 29,434,082</u>

Operating Results

The first component of the overall change in the Center's net position is its operating results. Generally, the operating income or loss is the difference between net patient service and other revenues and the expenses incurred to perform those services. The Center had an operating loss of \$470,366 in 2025 and an operating loss of \$2,875,421 in 2024.

The primary components of the operating loss are:

- Net patient service revenue increased \$2,401,198 or 9% in 2025 and decreased \$1,147,151 or 5% in 2024.
- Other revenue increased \$7,769,190 or 97% in 2025 and increased \$1,290,722 or 13% in 2024. The increase in 2025 and 2024 is attributable to the increase 340b and Community pharmacy.
- Salaries, wages, and employee benefits increased \$1,693,481 or 9% in 2025 and increased \$695,623 or 3% in 2024. The most notable increase in salaries and benefits expense is due to the actuarial adjustment to pension expense.
- Supplies and other increased \$7,527,313 or 74% in 2025 and increased \$2,825,790 or 25% in 2024. The increase in 2025 and 2024 is attributable to the increase in supply costs and contract labor.

Sources of Revenue

During fiscal year 2025, the Medical Center derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs as well as payments from patients and other third-party payers. Reimbursement from Medicare, Medicaid, and most private insurance payers are based on contracted rates that are less than the Medical Center's established rates. The difference between the established rates charged and the contracted rates collected are recorded as contractual discounts. The Medical Center's net patient revenue reported on the Statement of Revenues, Expenses and Changes in Net Position, is net of contractual discounts, bad debt and charity care charges.

Table 3 below presents the relative percentages of gross patient revenues by payer for the fiscal years ended June 30, 2025, 2024 and 2023.

Table 3: Payor Mix by Percentage

	2025	2024	2023
Medicare	19%	21%	21%
Medicaid	30%	30%	30%
Commercial and other third-party payors	48%	46%	46%
Patients	3%	3%	3%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Louisiana Medicaid disproportionate share hospital program allowed for the reimbursement of uncompensated care costs to small rural hospitals serving a disproportionate number of low-income patients. The reimbursements were calculated based on cost reports filed by the small rural hospitals and were paid by the state from federal funding. Although federal appropriations had enabled the state to pay almost 100 percent of uncompensated costs to rural hospitals over the past several years, there was no assurance federal funding would continue and, therefore, no assurance that the Medical Center would receive any future payments.

For state fiscal year (SFY) 2023, the Louisiana Department of Health (LDH) obtained a Medicaid State Plan Amendment (SPA) approval from the Centers for Medicare and Medicaid Services (CMS) to make quarterly supplemental payments to hospitals based upon certain assumptions under a directed payment plan (OPP). The Medical Center has recognized \$4,883,947 and \$3,014,345 under the directed payment plan during fiscal year 2025 and 2024.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of employee retention credit, sales and property tax revenue, interest income and interest expense. During 2024, the Medical Center recognized \$4,481,154 as nonoperating revenue for the employee retention credit. Sales tax revenue increased \$108,319 in 2025 and increased \$8,767 in 2024. Property tax revenue decreased \$7,634 in 2025 and increased \$16,086 in 2024. Interest income decreased \$203,300 in 2025 and increased \$360,647 in 2024 due to the change in interest rates. Interest expense decreased \$51,811 or 8% in 2025 and decreased \$18,182 or 8% in 2024.

Capital Grants and Contributions

The Medical Center receives both capital and operating grants from various state and local agencies for specific programs. Grants and contributions for operating purposes are included in total operating revenues. Capital grants and contributions are reported after nonoperating revenues and expenses. Capital grants and contributions include grants and other funds received by the Foundation which are restricted for future capital expenditures. Contributions and fundraising proceeds at the Foundation decreased by \$640,566 or 69% in 2025, compared to a decrease by \$103,567 or 69% in 2024, and a decrease by \$18,18,097 or 11% in 2023.

Operating and Financial Performance

The following summarizes some of the Medical Center's patient statistical data from 2025, 2024 and 2023.

Overall, activity at the Medical Center, as measured by admissions for routine acute care, decreased in 2025, 2024 and 2023. Acute inpatient admissions decreased by 17% in 2025 to 272 from 328 in 2024, compared to 414 admissions in 2023. Acute inpatient days decreased in 2025 to 1,080 from 1,365 in 2024, compared to 1,512 in 2023. The average length of stay for 2025 acute care patients (excluding newborns) decreased to 3.97 days from 4.16 in 2024, compared to 3.66 days in 2023. In order to maintain critical access hospital status for Medicare patients, the Medical Center's average length of stay for acute patients must be below 96 hours or 4 days.

North Caddo Hospital Service District
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Management's Discussion and Analysis

Swing bed admissions decreased 3% to 74 admissions in 2025 from 76 admissions in 2024. Swing bed admissions were 90 in 2023. Swing bed patient days decreased 14% in 2025 to 989 from 1,154 in 2024. Swing bed patient days were 1,150 in 2023.

The Medical Center operates the district ambulance service that traditionally has had operating losses. The ambulance operation is supported by a 4.77 million property tax approved by the residents of Caddo parish. The amount of property tax revenue received was \$466,449, \$474,083 and \$457,997 in 2025, 2024 and 2023, respectively. Ambulance trips for 2025 decreased to 1,253 from 2,092 in 2024. Ambulance trips totaled 1,838 in 2023.

Emergency room patients decreased from 5,490 in 2024 to 5,357 in 2025. The emergency room had 5,907 patients in 2023.

Table 4: Patient Statistical Data

	2025	2024	2023
Admissions:			
Acute (excluding newborn)	272	328	414
Newborn	-	-	42
Swingbed	74	76	90
Discharges:			
Acute	272	328	413
Swingbed	74	76	90
Patient days:			
Acute	1,080	1,365	1,512
Newborn	-	-	2
Swingbed	989	1,154	1,150
Total patient days	2,069	2,519	2,664
Average length of stay:			
Acute	3.97	4.16	3.66
Swingbed	13.36	15.18	12.78
Medical and Surgical Clinic visits	19,660	20,504	20,907
Plain Dealing Medical Clinic visits	5,008	6,635	7,387
Benton Clinic visits	9,264	6,647	6,660
Blanchard Clinic visits	9,763	10,730	12,568
Oil City Clinic visits	1,465	-	-
South Bossier Clinic visits	9,131	1,346	-
Vivian Dental	2,324	3,003	2,126
Total clinic visits	56,615	48,865	49,648
Ambulance trips	1,253	2,092	1,838
Emergency room patients	5,357	5,490	5,907

Capital Assets

At the end of 2025, the Medical Center had \$31,984,672 invested in capital assets (excluding right to use assets), net of accumulated depreciation, as detailed in Note 5 to the financial statements. In 2025, the Center purchased new capital assets costing \$3,548,273. At the end of 2024, the Center had \$30,981,033 invested in capital assets (excluding right to use assets), net of accumulated depreciation. In 2024, the Center purchased new capital assets costing \$5,929,842.

Table 5: Summary of Capital Assets

	2025	2024	2023
Land	\$ 2,080,097	\$ 2,080,097	\$ 2,080,097
Buildings & Improvements	40,089,883	34,113,617	30,479,170
Equipment	10,230,039	9,146,291	8,831,700
Total	52,400,019	45,340,005	41,390,967
Accumulated depreciation	(20,595,385)	(18,148,560)	(16,011,477)
Construction in progress	180,038	3,789,588	1,808,784
	<u>\$ 31,984,672</u>	<u>\$ 30,981,033</u>	<u>\$ 27,188,274</u>

Right to Use Lease Liabilities

At the end of 2025 and 2024, the Medical Center had \$200,552 and \$338,579 lease liabilities, net of accumulated amortization. The Medical Center had outstanding debt of \$171,602 and \$246,013 at June 30, 2025 and 2024. The Medical Center incurred no additional indebtedness the year ended June 30, 2025 and 2024. For additional information, see Note 6 to the financial statements.

Right to Use Subscription IT Liabilities

At the end of 2025 and 2024, the Medical Center had \$1,443,641 and \$1,590,943 in right to use subscription IT Assets, net of accumulated amortization. The Medical Center had outstanding debt of \$1,616,417 and \$1,733,026 at June 30, 2025 and 2024. The Center incurred \$97,807 additional indebtedness the year ended June 30, 2025. The Center incurred no additional indebtedness the year ended June 30, 2024. For additional information, see Note 7 to the financial statements.

Long-Term Debt

The Center had outstanding debt of \$18,780,874 and \$19,578,693 at June 30, 2025 and 2024. The Center incurred no additional indebtedness during the years ended June 30, 2025 and 2024. For additional information, see Note 8 to the financial statements.

Other Economic Factors

Government spending on medical care continues to be a topic of discussion on both the federal and state levels. As a critical access hospital, the Medical Center receives cost-based reimbursement for most services provided to Medicare beneficiaries who have traditional coverage. The Medical Center's five physician clinics continue to be reimbursed based on a cost-based reimbursement as rural health clinics. The Louisiana Medicaid program has transitioned to a managed care payment model. Its effect on future Medicaid patient volume and Medicaid payments cannot be determined. As more fully explained in Note 2 in the financial statements, Medicare and Medicaid patient revenues comprise approximately 69% of the Medical Center's net patient revenue.

Contacting the Medical Center's Financial Management

This financial report is designed to provide our patients, suppliers and creditors with a general overview of the Medical Center's finances and to show the Medical Center's accountability for the funds it receives. Questions about this report and requests for additional financial information should be directed to, the Chief Executive Officer of the Medical Center.

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Statements of Net Position
 June 30, 2025 and 2024

	2025	2024 Restated
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 698,672	\$ 2,043,853
Restricted Cash	821,611	799,247
Short-term investments	5,814,280	7,861,294
Receivables		
Patient, net of estimated uncollectibles of \$946,000 in 2025 and \$631,000 in 2024	4,482,576	3,759,329
Estimated third-party payor settlements	1,599,545	816,473
Employee retention credit	4,481,154	4,481,154
Other receivables	2,241,459	1,627,904
Prepaid expenses	571,760	399,748
Supplies	1,385,103	1,151,028
Total current assets	22,096,160	22,940,030
Noncurrent Cash		
Restricted by lender for debt reserve and capital improvements	2,790,693	2,026,814
Capital Assets		
Capital assets not being depreciated	2,260,135	5,869,685
Capital assets being depreciated, net	29,724,537	25,111,348
Right to use leased assets, net	200,552	338,579
Right to use subscription IT assets, net	1,443,641	1,590,943
Total capital assets, net	33,628,865	32,910,555
Other Assets		
Pension asset	1,733,024	-
Lease receivables	103,401	103,433
Unamortized election cost	10,875	11,782
Total other assets	1,847,300	115,215
Total assets	60,363,018	57,992,614
Deferred Outflows of Resource		
Pension expense	1,581,396	2,775,438
Total assets and deferred outflows of resources	\$ 61,944,414	\$ 60,768,052

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Statements of Net Position
 June 30, 2025 and 2024

	2025	2024 Restated
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 821,611	\$ 799,247
Current maturities of lease liabilities	24,714	71,527
Current maturities of subscription IT liabilities	238,859	215,199
Accounts payable		
Trade	1,641,322	1,990,488
Estimated third-party payor settlements	-	373,465
Accrued expenses		
Salaries and wages	1,068,539	892,623
Compensated absences	507,661	431,267
Interest	81,612	81,265
Self-insurance	250,737	216,719
Total current liabilities	4,635,055	5,071,800
Long-Term Debt, Less Current Maturities	17,959,263	18,779,446
Long-Term Lease Liabilities, Less Current Maturities	146,888	174,486
Long-Term Subscription IT Liabilities, Less Current Maturities	1,377,558	1,517,827
Compensated Absences, Less current Portion	442,961	416,859
Net Pension Liability	-	116,666
Total liabilities	24,561,725	26,077,084
Deferred Inflows of Resources		
Pension expense	854,588	431,643
Lease revenue	96,355	96,355
Total deferred inflows of resources	950,943	527,998
Net Position		
Net investment in capital assets	13,059,972	11,352,823
Restricted, expendable for debt service	3,612,304	2,826,061
Unrestricted	19,759,470	19,984,086
Total net position	36,431,746	34,162,970
Total liabilities, deferred inflows of resources, and net position	\$ 61,944,414	\$ 60,768,052

North Caddo Hospital Service District
dba North Caddo Medical Center
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2025 and 2024

	2025	2024 Restated
Operating Revenues		
Net patient service revenue (net of provision for bad debts of \$1,022,985 in 2025 and \$1,417,397 in 2024)	\$ 27,836,172	\$ 25,434,974
Supplemental payments	4,883,947	3,014,345
Noncapital grants and contributions	236,619	105,765
Other revenue	15,739,910	7,970,720
Total operating revenues	48,696,648	36,525,804
Operating Expenses		
Salaries and wages	19,876,986	18,183,505
Benefits and payroll taxes	5,363,620	4,331,778
Medical supplies and drugs	10,944,599	6,109,012
Professional services	2,919,782	3,590,396
Insurance	482,265	592,233
Depreciation and amortization	2,830,870	2,652,161
Leases and rentals	48,369	-
Other expenses	6,700,523	4,008,797
Total operating expenses	49,167,014	39,467,882
Operating Loss	(470,366)	(2,942,078)
Nonoperating Revenues (Expenses)		
Investment income	370,034	573,334
Sales tax revenue	2,052,611	1,944,292
Non-employer pension contribution revenue	183,609	204,816
Property tax revenue	466,449	474,083
Rent income	8,222	3,866
Interest expense	(623,166)	(674,977)
Employee retention credit	-	4,481,154
Net nonoperating revenues (expenses)	2,457,759	7,006,568
Revenues in Excess of Expenses Before Capital Contributions and Grants	1,987,393	4,064,490
Capital Contributions and Grants	281,383	921,949
Change in Net Position	2,268,776	4,986,439
Net Position, Beginning as previously reported	34,162,970	29,434,082
Adjustments (Note 17)	-	(257,551)
Net Position, Beginning as restated	34,162,970	29,176,531
Net Position, End of Year	\$ 36,431,746	\$ 34,162,970

See Notes to Financial Statements

North Caddo Hospital Service District
dba North Caddo Medical Center
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Operating Activities		
Cash receipts from patients and third-party payors	\$ 25,956,388	\$ 24,778,429
Other receipts and payments, net	20,246,921	10,977,244
Payments to suppliers and contractors	(21,307,856)	(13,173,902)
Payments for employees and benefits	(24,977,270)	(23,145,870)
Net Cash used for Operating Activities	(81,817)	(564,099)
Noncapital Financing Activities		
Proceeds from property taxes	466,449	474,083
Proceeds from sales taxes	2,052,611	1,944,292
Net Cash from Noncapital Financing Activities	2,519,060	2,418,375
Capital and Capital Related Financing Activities		
Purchase of capital assets	(3,993,401)	(5,398,990)
Principal payments on long-term debt	(797,819)	(773,492)
Principal payments for lease liabilities	(74,411)	(225,124)
Principal payments for subscription liabilities	(214,416)	(219,497)
Interest paid	(622,819)	(676,962)
Proceeds from lease receivable	8,254	2,139
Capital grants and contributions	281,383	50,882
Net Cash used for Capital and Related Financing Activities	(5,413,229)	(7,241,044)
Investing activities		
Interest on investments	370,034	409,714
Proceeds from sale of investments	2,363,159	500,000
Purchase of investments	(316,145)	(298,454)
Net Cash from (used for) Investing Activities	2,417,048	611,260
Net Change in Cash and Cash Equivalents	(558,938)	(4,775,508)
Cash and Cash Equivalents, Beginning of Year	4,869,914	9,645,422
Cash and Cash Equivalents, End of Year	\$ 4,310,976	\$ 4,869,914

North Caddo Hospital Service District
dba North Caddo Medical Center
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 698,672	\$ 2,043,853
Restricted cash	821,611	799,247
Noncurrent cash and investments		
Restricted for debt reserve and capital improvements	2,790,693	2,026,814
Total cash and cash equivalents	\$ 4,310,976	\$ 4,869,914
Reconciliation of Operating Loss to Net Cash used for Operating Activities		
Operating loss	\$ (470,366)	\$ (2,942,078)
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Depreciation and amortization	2,830,870	2,652,161
Provision for bad debts	1,197,780	1,413,936
Changes in assets and liabilities, (net of acquisition)		
Patient receivables	(1,921,027)	(2,456,351)
Other receivables	(613,555)	(113,586)
Supplies	(234,075)	(82,732)
Prepaid expenses	(172,012)	86,020
Accounts payable	193,769	1,123,248
Estimated third-party payor settlements	(1,156,537)	385,870
Salaries and wages	278,412	(6,093)
Self-insurance	34,018	13,510
Pension	(49,094)	(380,453)
Net Cash used for Operating Activities	\$ (81,817)	\$ (306,548)
Supplemental Disclosure of Noncash Capital and Capital Related Financing Activities		
Subscription IT liability	\$ 97,807	\$ -
Grant receivable	\$ -	\$ 871,067
Accounts payable for capital assets	\$ -	\$ 542,935
Supplemental Disclosure of Noncash Noncapital Financing Activities		
Employee retention credit	\$ -	\$ 4,481,154
Supplemental Disclosure of Noncash Investing Activities		
Unrealized gain on investments	\$ -	\$ 163,620

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

The financial statements of the North Caddo Hospital Service District dba North Caddo Medical Center (Medical Center) have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Medical Center are described below.

Reporting Entity

The Medical Center is a 25-bed Critical Access Hospital (CAH) located in Vivian, Louisiana that provides inpatient, outpatient, emergency, and skilled nursing (through swing beds) services primarily for residents of the Vivian area. The Medical Center also operates several physician clinics in the area. The Medical Center was created by the board of commissioners of Caddo Parish, Louisiana, to operate, control, and manage all matters concerning the area's health care functions. The parish board of commissioners appoints nine voting members to the Medical Center governing board, and they may not issue debt or levy taxes without the parish's approval.

For financial reporting purposes, the Medical Center has included all funds, organizations, agencies, boards, commissions, and authorities. The Medical Center has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Medical Center are such that the exclusion would cause the Medical Center's financial situation to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Medical Center to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Medical Center.

Blended Component Unit

North Caddo Medical Center Foundation (Foundation) was incorporated March 2, 2009, as a Louisiana non-profit organization to aid, strengthen, and further the work and services of the Medical Center. The Foundation is included as a blended component unit of the Medical Center. The financial statements include only the financial activity of the Medical Center and the Foundation, collectively referred to as the Medical Center. Financial statements of the Foundation can be obtained by contacting the Medical Center's Chief Financial Officer.

Tax Exempt Status

The Medical Center is a political subdivision and exempt from taxation. The Foundation is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded. The Foundation's federal income tax returns for the tax years 2020 and beyond remain subject to examination by the Internal Revenue Service.

Measurement Focus and Basis of Accounting

Measurement focus refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with GAAP. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

Basis of Presentation

The statement of net position displays the Medical Center's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Net position is reported in the following categories/components:

Net investment in capital assets consists of net capital assets and right to use leased assets, subscription IT assets, reduced by the outstanding balances of any related debt obligations, lease liabilities, subscription IT liabilities, and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or the related debt obligations and increased by balances of deferred outflows of resources related to those assets or debt obligations.

Restricted net position:

Restricted - expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation.

Restricted – nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Medical Center.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Medical Center's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding internally designated or restricted cash and investments. For purposes of the statement of cash flows, the Medical considers all cash and investments with an original maturity of three months or less as cash and cash equivalents.

Short-Term Investments

Short-term investments include certificates of deposit and U.S. Treasury securities with an original maturity of three to twelve months, excluding internally designated or restricted cash and investments.

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. Patient receivables, excluding amounts due from third-party payors, are turned over to a collection agency if the receivables remain unpaid after the Medical Center's collections procedures. The Medical Center does not charge interest on the unpaid patient receivables. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Lease Receivables

Lease receivables are recorded by the Medical Center at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Leases receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the Medical Center charges the lessee.

Unamortized Election Costs

Unamortized election costs represent the capitalized costs of elections to levy taxes for the Medical Center's benefit and are being amortized over the life of the related levy.

Supplies

Supplies are stated at lower of cost (first-in, first-out) or market and are expensed when used.

Noncurrent Cash and Investments

Noncurrent cash and investments are restricted for debt reserve and capital asset replacement. Certificates of deposit and other deposits are recorded at historical cost. Other investments are measured at fair value.

Investment Income

Interest, dividends, gains and losses, both realized and unrealized, on investments and deposits are included in nonoperating revenues when earned.

Capital Assets

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of capital assets are as follows:

The estimated useful lives of property and equipment are as follows:

Buildings and improvements	2-40 years
Furniture and equipment	3-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position and are after nonoperating revenues (expenses). Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

Impairment of Long-Lived Assets

The Hospital considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the years ended June 30, 2025 and 2024.

Right to Use Leased Assets

Right to use leased assets are recognized at the lease commencement date and represent Medical Center's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from 5 to 20 years.

Right to Use Subscription IT Assets

Right to use subscription IT assets are recognized at the subscription commencement date and represent the Medical Center's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 2 to 10 years.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period related to the pension plan. The Medical Center's deferred outflows of resources are recognized as a component of compensation expense in the following year related to employer contributions, compensation expense over five years for the difference in projected and actual earnings, or over the expected remaining service life of the plan.

Compensated Absences

The Medical Center's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited cases, as a cash payment. Compensated absences are recognized as a liability when they are attributable to services already rendered, accumulated, and more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability for compensated absences is calculated using current pay rates and includes salary-related payments that are directly and incrementally associated with payments for leave, such as payroll taxes and certain employee benefits. The compensated absences liability is separately presented on the statement of net position as current and long-term, based on the estimated timing of future payments.

Estimated Health Claims Payable

The Medical Center provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan. These reserves, which are included in current liabilities on the statement of net position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

Deferred Inflows of Resources

Deferred inflows of resources represent an increase in net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until then. The deferred inflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, changes in assumptions and other differences between expected and actual experience, all associated with the Medical Center's participation in the Pension plan. The Medical Center's deferred inflows of resources related to pensions are recognized as a component of compensation expense over five years for the difference in projected and actual earnings, or over the expected remaining service life of the plan.

In addition, deferred inflows of resources relates to leases where the Medical Center is the lessor. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

Lease Liabilities

Lease liabilities represent the Medical Center's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Medical Center.

Subscription IT Liabilities

Subscription IT liabilities represent the Medical Center's obligation to make subscription payments arising from the subscription contract. Subscription IT liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the Medical Center.

Operating Revenues and Expenses

The Medical Center's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating activities. Operating activities of the Medical Center result from exchange transactions associated with providing health care services - the Medical Center's principal activity, and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed cost, discounted charges, and per diem payments. 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 are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

The Medical Center provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Medical Center does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was approximately \$550,000 and \$284,000 for the years ended June 30, 2025 and 2024, calculated by multiplying the ratio of cost to gross charges for the Medical Center by the gross uncompensated charges associated with providing charity care to its patients.

Implementation of GASB Statement No. 100

As of July 1, 2024, the Medical Center adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements related to the error correction in the financial statements for the year ended June 30, 2025. The additional disclosures required by this standard are included in Note 17.

Implementation of GASB Statement No. 101

As of July 1, 2024, the Medical Center adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of implementation of this standard is disclosed in Note 18.

Grants and Contributions

The Medical Center may receive grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after revenues in excess of (less than) expenses.

Note 2 - Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: The Medical Center is licensed as a Critical Access Hospital (CAH). The Medical Center is reimbursed for most inpatient acute care and outpatient services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports by the Medical Center and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Medical Center’s Medicare cost reports have been audited by the MAC through the year ended June 30, 2020. Clinical services are paid on a cost basis or fixed fee schedule.

Medicaid: Inpatient acute services are reimbursed based on a prospectively determined per diem rate. Certain Medicaid outpatient services are reimbursed under a cost reimbursement methodology, while others are paid on a prospectively determined fee schedule. The Medical Center is reimbursed at a tentative rate for cost-based services with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid fiscal intermediary. The Medical Center's cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2019.

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

Concentration of gross revenues by major payor accounted for the following percentages of the Medical Center’s patient service revenues for the years ended June 30, 2025 and 2024:

	2025	2024
Medicare	19%	21%
Medicare HMO	27%	27%
Medicaid	30%	30%
Commercial and other third-party payors	21%	19%
Patients	3%	3%
	100%	100%

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the years ended June 30, 2025 and 2024 decreased approximately \$201,000 and \$200,000 for changes in estimates related to allowances of collectability on patient receivables due to actual collections activity different than previous estimates and impacts from a patient accounting system conversion.

Note 3 - Deposits and Investments

The carrying amounts of deposits and investments as of June 30, 2025 and 2024 are as follows:

	2025	2024
Carrying Amount		
Cash and Deposits	\$ 5,243,174	\$ 5,758,476
Investments	4,882,082	6,972,732
Totals	\$ 10,125,256	\$ 12,731,208

Deposits and investments are reported in the following statement of net position captions:

	2025	2024
Cash and cash equivalents	\$ 698,672	\$ 2,043,853
Restricted cash	821,611	799,247
Investments	5,814,280	7,861,294
Restricted for debt reserve and capital asset replacement	2,790,693	2,026,814
Totals	\$ 10,125,256	\$ 12,731,208

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or investment company failure, the Medical Center’s deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the Medical Center be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Medical Center’s deposit policy does not further restrict bank deposits or limit investment deposits.

As of June 30, 2025 and 2024, \$-0- and \$29,775 of the Medical Center’s bank balance of \$5,858,996 and \$6,955,798 were exposed to custodial credit risk as follows:

	2025	2024
Insured by FDIC	\$ 1,282,450	\$ 1,062,064
Insured and collateral held by pledging bank’s trust department in the Medical Center’s name	4,576,546	5,863,959
Uninsured and Uncollateralized	-	29,775
Total	\$ 5,858,996	\$ 6,955,798

Investments

The Medical Center's investments are reported at fair value. The Medical Center is authorized by statute to invest funds in obligations of the United States and certain U.S. government agency securities; commercial paper; local government investment pools; certain money market funds; written repurchase agreements collateralized by certain authorized securities.

The Medical Center has determined the fair value of certain investments in accordance with generally accepted accounting principles, which provides a framework for measuring fair value. A hierarchy of valuation classifications considers whether the inputs used in valuation techniques are observable or unobservable. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy prioritizes the valuation inputs into the following three broad levels:

Level 1 – Unadjusted quoted prices for identical instruments in active markets that the reporting entity has the ability to access at the measurement date.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are directly or indirectly observable. Examples would be matrix pricing, market corroborated pricing and inputs such as yield curves and indices.

Level 3 – Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable and may rely on the Medical Center's own assumptions, but the market participant's assumptions may be used in pricing the asset.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the Medical Center defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments. In determining the appropriate levels, the Medical Center performed a detailed analysis of the assets that are subject to fair value measurement. The Medical Center establishes the fair value of certain investments that do not have a readily determinable fair value by using net asset value (NAV) per unit. Investments measured at NAV per unit are not categorized within the fair value hierarchy.

The fair value of U.S. treasury notes was determined based on quoted prices for identical securities in active markets, which is considered a Level 1 input. The fair value of municipal and government bonds and local government investment pool was determined based on quoted prices for similar securities in active markets and/or quoted prices in markets that are not active, which are considered Level 2 inputs.

The Medical Center had the following investments and maturities at June 30, 2025 and 2024:

June 30, 2025			Investment Maturities (in Years)		
Investment Type	Carrying Amount	Rating *	Less Than 1	1 - 5	6 - 10
U.S. Treasury Note (level 2)	\$ 2,924,362	AA1	\$ 2,924,362	\$ -	\$ -
Money Market Insured	1,957,720				
Total	<u>\$ 4,882,082</u>				

June 30, 2024			Investment Maturities (in Years)		
Investment Type	Carrying Amount	Rating *	Less Than 1	1 - 5	6 - 10
U.S. Treasury Note (level 2)	\$ 6,467,550	AAA	\$ 6,467,550	\$ -	\$ -
Money Market Insured	505,182				
Total	<u>\$ 6,972,732</u>				

* Rating provided is as follows: Moody's Investors Service/Standard & Poor's Financial Services LLC

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that the issuer or counterparty to an investment will not fulfill its obligation, causing the Medical Center to experience a loss of principal. The Medical Center does not have a formally adopted investment policy for managing credit risk.

Concentration of Credit Risk

The Medical Center will limit credit risk, the risk of loss due to the failure of the security issuer or backer, by diversifying in the investment portfolio so that potential losses on individual securities will be minimized. The Medical Center does not have a formally adopted investment policy for managing concentration of credit risk.

Investment Income

Investment income and gains and losses on internally designated funds, cash equivalents, and other investments consisted of the following for the years ended June 30, 2025 and 2024:

	2025	2024
Other income		
Interest income	\$ 153,880	\$ 225,808
Dividend income	183,906	183,906
Realized and unrealized gains (losses) on investments	32,248	163,620
	\$ 370,034	\$ 573,334

Note 4 - Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes for eligible employers. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit, extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at \$7,000 per quarter. During the year ended June 30, 2024, the Medical Center recognized a \$4,481,154 benefit related to the credit which is presented in the statement of Revenues, Expenses, and Changes in Net Position as Employee Retention Credit.

Note 5 - Depreciable and Non-Depreciable Capital Assets

Capital assets additions, retirements, transfers and balances for the years ended June 30, 2025 are as follows:

	Balance July 1, 2024	Additions	Transfers and Retirements	Balance June 30, 2025
Capital assets non-depreciable				
Land	\$ 2,080,097	\$ -	\$ -	\$ 2,080,097
Construction in progress	3,789,588	2,441,094	(6,050,644)	180,038
Total nondepreciable capital assets	<u>\$ 5,869,685</u>	<u>\$ 2,441,094</u>	<u>\$ (6,050,644)</u>	<u>\$ 2,260,135</u>
Capital assets depreciable				
Buildings and improvements	\$ 34,113,617	\$ 48,508	\$ 5,927,758	\$ 40,089,883
Furniture and equipment	9,146,291	960,864	122,884	10,230,039
Total depreciable capital assets	43,259,908	1,009,372	6,050,642	50,319,922
Accumulated depreciation	18,148,560	2,446,825	-	20,595,385
Total depreciable capital assets, net	<u>\$ 25,111,348</u>	<u>\$ (1,437,453)</u>	<u>\$ 6,050,642</u>	<u>\$ 29,724,537</u>
Right to use capital assets				
Building	\$ 70,139	\$ -	\$ -	\$ 70,139
Office equipment	82,073	-	-	82,073
Medical equipment	1,489,233	-	-	1,489,233
Total right to use capital assets	<u>1,641,445</u>	<u>-</u>	<u>-</u>	<u>1,641,445</u>
Accumulated amortization	1,302,866	138,027	-	1,440,893
Total right to use capital assets, net	<u>\$ 338,579</u>	<u>\$ (138,027)</u>	<u>\$ -</u>	<u>\$ 200,552</u>
Right to use subscription IT Assets being amortized	\$ 2,355,779	\$ 97,807	\$ -	\$ 2,453,586
Less accumulated amortization	764,836	245,109	-	1,009,945
Net right to use subscription IT assets	<u>\$ 1,590,943</u>			<u>\$ 1,443,641</u>
Total capital assets, net	<u>\$ 32,910,555</u>			<u>\$ 33,628,865</u>

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The majority of construction in progress at June 30, 2025 represents the construction of minor projects with various completion dates and will be financed with internal funds.

Capital assets additions, retirements, transfers and balances for the years ended June 30, 2024 are as follows:

	Balance July 1, 2023	Additions	Transfers and Retirements	Balance June 30, 2024
Capital assets non-depreciable				
Land	\$ 2,080,097	\$ -	\$ -	\$ 2,080,097
Construction in progress	1,808,784	5,627,334	(3,646,530)	3,789,588
Total nondepreciable capital assets	<u>\$ 3,888,881</u>	<u>\$ 5,627,334</u>	<u>\$ (3,646,530)</u>	<u>\$ 5,869,685</u>
Capital assets depreciable				
Buildings and improvements	\$ 30,479,170	\$ -	\$ 3,634,447	\$ 34,113,617
Furniture and equipment	8,831,700	314,591	-	9,146,291
Total depreciable capital assets	39,310,870	314,591	3,634,447	43,259,908
Accumulated depreciation	16,011,477	2,137,083	-	18,148,560
Total depreciable capital assets, net	<u>\$ 23,299,393</u>	<u>\$ (1,822,492)</u>	<u>\$ 3,634,447</u>	<u>\$ 25,111,348</u>
Right to use capital assets				
Building	\$ 70,139	\$ -	\$ -	\$ 70,139
Office equipment	82,073	-	-	82,073
Medical equipment	1,489,233	-	-	1,489,233
Total right to use capital assets	1,641,445	-	-	1,641,445
Accumulated amortization	1,045,287	257,579	-	1,302,866
Total right to use capital assets, net	<u>\$ 596,158</u>	<u>\$ (257,579)</u>	<u>\$ -</u>	<u>\$ 338,579</u>
Right to use subscription IT Assets being amortized	\$ 2,343,697	\$ -	\$ 12,082	\$ 2,355,779
Less accumulated amortization	508,245	256,591	-	764,836
Net right to use subscription IT assets	<u>\$ 1,835,452</u>			<u>\$ 1,590,943</u>
Total capital assets, net	<u>\$ 29,619,884</u>			<u>\$ 32,910,555</u>

Note 6 - Leases

Lessee Activities

The Medical Center entered into a lease agreements as lessee for building, office equipment and medical equipment.

As of June 30, 2025 and 2024, the value of the building lease liabilities was \$29,861 and \$33,899. The Medical Center is required to make annual principal and interest payments through July 2031. The lease has an interest rates of 6.00% based on stated rates and the Medical Center's incremental borrowing rate.

As of June 30, 2025 and 2024, the value of the medical equipment lease liabilities was \$140,396 and \$192,706. The Medical Center is required to make annual principal and interest payments through October 2031. The lease has an interest rates of 5.25% based on stated rates and the Medical Center's incremental borrowing rate.

As of June 30, 2025 and 2024, the value of the Office equipment lease liabilities was \$1,385 and \$19,408. The Medical Center is required to make annual principal and interest payments through August 2025. The lease has an interest rates of 3.9% based on stated rates and the Medical Center's incremental borrowing rate.

Changes in lease liabilities during the years ended June 30, 2025 and 2024 are as follows:

	Balance July 1, 2024	Additions	Payments	Balance June 30, 2025	Due Within One Year
Building	\$ 33,899	\$ -	\$ 4,078	\$ 29,821	\$ 4,307
Office equipment	19,408	-	18,023	1,385	1,385
Medical equipment	192,706	-	52,310	140,396	19,022
Total lease liabilities	<u>\$ 246,013</u>	<u>\$ -</u>	<u>\$ 74,411</u>	<u>\$ 171,602</u>	<u>\$ 24,714</u>
	Balance July 1, 2023	Additions	Payments	Balance June 30, 2024	Due Within One Year
Building	\$ 38,356	\$ -	\$ 4,457	\$ 33,899	\$ 4,097
Office equipment	36,665	-	17,257	19,408	18,023
Medical equipment	396,116	-	203,410	192,706	49,407
Total lease liabilities	<u>\$ 471,137</u>	<u>\$ -</u>	<u>\$ 225,124</u>	<u>\$ 246,013</u>	<u>\$ 71,527</u>

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Remaining principal and interest payments on leases are as follows:

<u>Years Ending June 30, 2025</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 24,714	\$ 8,777
2027	24,617	7,483
2028	25,977	6,123
2029	27,412	4,688
2030	28,927	3,173
2031-2035	39,955	1,772
Totals	<u>\$ 171,602</u>	<u>\$ 32,016</u>

Lessor Activities

The Medical Center has accrued a receivable for land and building under a 15-year term lease with an option to extend for 35 years. The remaining receivable for these leases was \$103,401 and \$103,433 as of June 30, 2025 and 2024. Deferred inflows of resources related to these leases totaled \$96,355 and 96,355 as of June 30, 2025 and 2024. Interest revenue recognized on these leases was approximately \$6,000 for the years ended June 30, 2025 and 2024. Lease revenue from the amortization of deferred inflows of resources totaled approximately \$2,000 for the years ended June 30, 2025 and 2024. The interest rate on the leases is 5.86% based on the incremental borrowing rate at the inception of the leases. The lessee is required to cover insurance for the property and responsible for all repairs and maintenance of the leased property. Final receipt is expected in fiscal year 2067.

Note 7 - Subscription-Based Information Technology Arrangements (SBITAs)

The Medical Center has entered into various SBITA contracts for software. The Medical Center is required to make principal and interest payments through April 2031. The SBITA contracts have interest rates between 5.25% and 9.50% based on the Medical Center's incremental borrowing rate.

A summary of the changes in subscription IT liabilities during the years ended June 30, 2025 and 2024 is as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Subscription IT Liabilities	\$ 1,733,026	\$ 97,807	\$ 214,416	\$ 1,616,417	\$ 238,859
	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Subscription IT Liabilities	\$ 1,952,523	\$ -	\$ 219,497	\$ 1,733,026	\$ 215,199

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Remaining principal and interest payments on subscriptions are as follows:

<u>Years Ending June 30, 2025</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 238,859	\$ 107,639
2027	264,501	85,553
2028	282,891	67,163
2029	302,582	47,472
2030	299,215	26,959
2031-2035	228,369	7,380
Totals	<u>\$ 1,616,417</u>	<u>\$ 342,166</u>

Note 8 - Long-Term Liabilities

A schedule of changes in the Medical Center's long-term debt for 2025 and 2024 is as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Bonds Payable					
Revenue Bond, Series 2014 - #R1	\$ 8,400,749	\$ -	\$ 181,738	\$ 8,219,011	\$ 180,694
Revenue Bond, Series 2014 - #R2	3,759,944	-	74,081	3,685,863	80,917
Sales Tax Refunding Bond, Series 2019	3,075,000	-	260,000	2,815,000	270,000
Sales Tax Refunding Bond, Series 2022	4,343,000	-	282,000	4,061,000	290,000
Total long-term debt	<u>19,578,693</u>	<u>-</u>	<u>797,819</u>	<u>18,780,874</u>	<u>821,611</u>
Compensated absences **	523,918	426,704	-	950,622	507,661
Lease Liability (see Note 6)	246,013	-	74,411	171,602	24,714
Subscription IT Liability (see Note 7)	1,952,523	-	219,497	1,733,026	215,199
Total long-term liabilities	<u>\$ 22,301,147</u>	<u>\$ 426,704</u>	<u>\$ 1,091,727</u>	<u>\$ 21,636,124</u>	<u>\$ 1,569,185</u>
	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Bonds Payable					
Revenue Bond, Series 2014 - #R1	\$ 8,570,386	\$ -	\$ 169,637	\$ 8,400,749	\$ 176,457
Revenue Bond, Series 2021 - #R2	3,838,799	-	78,855	3,759,944	80,790
Sales Tax Refunding Bond, Series 2019	3,326,000	-	251,000	3,075,000	260,000
Sales Tax Refunding Bond, Series 2022	4,617,000	-	274,000	4,343,000	282,000
Total long-term debt	<u>20,352,185</u>	<u>-</u>	<u>773,492</u>	<u>19,578,693</u>	<u>799,247</u>
Compensated absences **	517,545	6,373	-	523,918	431,267
Lease Liability (see Note 6)	471,137	-	225,124	246,013	71,527
Subscription IT Liability (see Note 7)	1,952,523	-	219,497	1,733,026	215,199
Total long-term liabilities	<u>\$ 23,293,390</u>	<u>\$ 6,373</u>	<u>\$ 1,218,113</u>	<u>\$ 22,081,650</u>	<u>\$ 1,517,240</u>

** The roll-forward schedule only reports the net change in compensated absences liability

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- Revenue Bonds Series 2014 - #R1 at 2.375% interest with interest and principal of \$31,160 paid monthly beginning December 2017 with final maturity in December of 2056. Collateral is a pledge and dedication of Medical Center revenue secured by a mortgage on the Medical Center building.
- Revenue Bonds Series 2014 - #R1 at 2.375% interest with interest and principal of \$14,104 paid monthly beginning December 2017 with final maturity in December of 2056. Collateral is a pledge and dedication of Medical Center revenue secured by a mortgage on the Medical Center building.
- Sales tax refunding bonds, series 2019, at 3.65% interest, maturing serially on September 1 of each year beginning in 2019, with interest payable March 1 and September 1 of each year beginning in 2019, with final maturity on September 1, 2033. Collateral is a pledge of 1 % sales and use tax proceeds.
- Sales tax refunding bonds, series 2022, at 2.78% interest, maturing serially on September 1 of each year beginning in 2022, with interest payable March 1 and September 1 of each year beginning in 2022, with final maturity on September 1, 2036. Collateral is a pledge of 1 % sales and use tax proceeds.

Scheduled debt service requirements for the Medical Center’s bonds (and notes/loans) payable are as follows:

Years Ending June 30,	Principal	Interest
2026	\$ 821,611	\$ 492,773
2027	846,749	468,297
2028	872,226	443,114
2029	897,858	417,134
2030	923,649	390,390
2031-2035	4,676,968	1,521,203
2036-2040	2,524,952	985,656
2041-2045	1,972,620	743,220
2046-2050	2,224,432	491,408
2051-2055	2,500,844	214,996
2056-2060	518,965	6,398
Total	<u>\$ 18,780,874</u>	<u>\$ 6,174,589</u>

Under the terms of the revenue bonds and sales tax refunding bonds agreements, the Medical Center is required to maintain certain deposits. Such deposits are included with restricted cash and noncurrent cash in the financial statements. The loan agreement also places limits on the incurrence of additional borrowings and requires that the Medical Center satisfy certain measures of financial performance.

Note 9 - Pension Plan

Plan Description

Substantially all Medical Center employees are eligible for participation in the Parochial Employees' Retirement System of Louisiana (the "Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 205 of the 1952 Regular Session of the Louisiana Legislature. The Plan is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2025, specifically, and other general laws of the State of Louisiana. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the Plan to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Medical Center participates in Plan B. The Plan provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the state which does not have their own retirement system, and which elects to become members of the Plan. All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the Plan.

The Plan issues a publicly available financial statement report that includes financial statements and required supplementary information. That report may be obtained at www.PERSLA.com or by writing to the board of trustees of the Parochial Employees' Retirement System of Louisiana, 7905 Wrenwood Boulevard, Baton Rouge, Louisiana, 70809, or by calling (225) 928-1361.

Benefits Provided

The Plan provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the employee's final compensation multiplied by the employee's years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Employees with 30 years of service are eligible to retire at age 55. Employees with a minimum of 10 years of service are eligible to retire at age 60 or 62 depending on their hire date. Employees with a minimum of 7 years of service are eligible to retire at age 65 or 67 depending on their hire date. Employees are eligible for disability benefits if they are not eligible for normal retirement after 5 or 7 years of service depending on their hire date. Survivor's benefits are available upon the death of a member who has credit for ten or more years of service who is not eligible for normal retirement benefits. Under state law, cost of living increases to benefits are allowable only if sufficient funds are available from investment income in excess of normal requirements. Cost of living increases cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement.

Contributions

Employee contribution rates are established by state law and employer contribution rates are actuarially determined each year by the Plan's Board of Trustees. Covered employees are required to contribute 3% of their compensation. The Medical Center's contractually required contribution rate as of June 30, 2025, was 7.5% of covered employees' compensation. Employer expense for each of the years ended June 30, 2025 and 2024, equals the required contributions for each year. In addition to the aforementioned contributions, the tax collectors of various parishes contribute one fourth of one percent of ad valorem taxes collected. The plan also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the members' compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

The following is a schedule that summarizes information regarding the multiple employer defined benefit retirement plan in effect for the years ended June 30, 2025 and 2024:

	2025	2024
Total Medical Center payroll	\$ 19,683,912	\$ 17,904,902
Total covered payroll	16,061,307	14,568,245
Employee contributions	183,609	437,047
Employer contributions	1,162,511	1,092,618

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025 and 2024, the Medical Center reported an asset of \$1,733,024 and liability of \$116,666, for its proportionate share of the net pension asset/liability. The net pension asset/liability as of June 30, 2025 and 2024, was measured as of December 31, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Medical Center's proportion of the net pension liability was based on the Medical Center's actual contributions to the pension plan during the measurement period relative to the actual contributions of all participating employers. At June 30, 2025 and 2024, the Medical Center's proportion was 10.15283% and 11.630641%. At June 30, 2024, the Medical Center's collective fund proportion was 11.630641%, which was a change of 0.737663% from its proportion measured as of June 30, 2023 of 10.892978%.

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At June 30, 2025 and 2024, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 552,551	\$ (27,654)	\$ 377,352	\$ (293,597)
Changes of Assumptions	118,561	-	203,728	-
Net Difference Between Projected and Actual Earnings on Pension Investments	-	(748,301)	1,582,549	-
Changes in Proportion and Differences Between Hospital's Contributions and Proportionate Share of Contributions	314,982	(78,633)	34,173	(138,046)
Hospital Contributions Subsequent to the Measurement Date	595,302	-	577,636	-
Total	<u>\$ 1,581,396</u>	<u>\$ (854,588)</u>	<u>\$ 2,775,438</u>	<u>\$ (431,643)</u>

At June 30, 2025 and 2024, the Medical Center reported \$595,302 and \$577,636, as deferred outflows of resources related to pension resulting from the Medical Center's contributions subsequent to the measurement date that will be recognized as an addition to the net pension asset or a reduction of the net pension liability in the subsequent year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at June 30, 2025, will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 513,752
2027	966,343
2028	(861,998)
2029	(486,591)
	<u>\$ 131,506</u>

Actuarial Assumptions

The total pension liability in the December 31, 2024 and 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	4.25%, average, including inflation
Investment rate of return	6.40%, net of pension plan investment expense, including inflation

The present value of future retirement benefits is based on benefits currently being paid by the Plan and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Plan's Board of Trustees.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Table for General Employees for active employees, the Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees for healthy annuitants and beneficiaries, and the Pub-2010 Public Retirement Plan Mortality Table for General Disabled Retirees for disabled annuitants, as appropriate.

The mortality rate assumption used was set based on an experience study performed on plan data for the period January 1, 2018 through December 31, 2022. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. The mortality was then projected forward to a period equivalent to the estimated duration of the Plan's liabilities. Annuity values calculated based on this mortality were compared to those produced using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.50% for the year ended December 31, 2024.

The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return	
		2025	2024
Fixed income	37%	1.08%	1.12%
Equity	47%	2.82%	3.20%
Alternatives	15%	0.76%	0.67%
Real assets	1%	0.07%	0.11%
	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability was 6.40%, net of investment expenses including inflation, for the year ended June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the Medical Center's proportionate share of the net pension liability for the Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Medical Center's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% point lower or 1% point higher than the current discount rate:

	1% Decrease (5.40%)	Discount Rate (6.40%)	1% Increase (7.40%)
Hospital's Proportionate Share of the Net Pension (Asset) Liability at June 30, 2025	\$ 4,319,744	\$ (1,733,024)	\$ (6,801,334)
	1% Decrease (5.40%)	Discount Rate (6.40%)	1% Increase (7.40%)
Hospital's Proportionate Share of the Net Pension (Asset) Liability at June 30, 2024	\$ 6,676,155	\$ 116,666	\$ (5,373,187)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Plan financial report.

Payable to the Pension Plan

At June 30, 2025 and 2024, the Medical Center reported a payable of approximately \$398,000 and \$379,000 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2025 and 2024, which was included in accounts payable on the accompanying statements of net position.

Note 10 - Sales Tax Revenue

Effective July 1, 2012, the North Caddo Hospital Service District began collecting a one percent (1%) sales tax dedicated for use by the Medical Center. The sales tax was approved for 25 years, and the Medical Center intends to use the sales tax proceeds to fund debt service associated with construction of a new hospital facility. Any remaining sales tax levy amounts received may be used for Medical Center operations.

Note 11 - Property Tax Revenue

The Caddo Parish Commission levies taxes on real and business personal property located within Caddo Parish's boundaries. Property taxes are levied by the Commission on property values assessed by the Caddo Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Caddo Parish Sheriff's Office bills and collects property taxes of 4.77 mills for the North Caddo Hospital Service District. Collections are remitted to the Medical Center monthly. The Medical Center property tax revenues are recognized when levied to the extent that they are collected within 30 days after year-end.

Property Tax Calendar

Assessment date	January 1
Levy date	No later than June 1
Tax bills mailed	On or about November 25
Due date	December 31
Lien Date	January 1

Assessed values are established by the Caddo Parish Tax Assessor each year on a uniform basis at 10%, 15%, or 25% ratio to fair value, depending on the type of property. A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2024. Total assessed value for the Hospital Service District was \$120,135,650 in 2024. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from Parish property taxes. This homestead exemption was \$14,546,759 of the assessed value in 2024.

Note 12 - Intergovernmental Transfer Grants

The Medical Center (Grantee) entered into a cooperative endeavor agreement with a regional public hospital (Grantor) whereby the Grantor awards an intergovernmental transfer grant (IGTG) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Medical Center's service population subject to the availability of such grant funds. The IGTG income is \$-0- and for the years ended June 30, 2025 and 2024.

Note 13 - Supplemental Payments

The Medical Center participates in the state's Medicaid Managed Care Incentive Program (MCIP). The program is designed to provide incentive payments to Medicaid Managed Care Plans for achieving quality reforms that increase access to health care and improve the quality of care. The Medical Center reported income of \$500,701 and \$463,076 related to this program for the years ended June 30, 2025 and 2024.

For state fiscal year (SFY) 2024, the Louisiana Department of Health (LDH) obtained a Medicaid State Plan Amendment (SPA) approval from the Centers for Medicare and Medicaid Services (CMS) to make quarterly supplemental payments to hospitals based upon certain assumptions under a directed payment plan (OPP). Annually thereafter, LOH must submit the assumptions to CMS for approval in future years. The basis for interim supplemental payments is the Medical Center's historical paid claims and other factors. In future state fiscal amounts, LOH anticipates increasing or decreasing future OPP payments by the reconciliation amounts. The Medical Center has recognized \$3,740,146 and \$2,528,027 as supplemental income after consideration was given for future adjustments which the Medical Center determined necessary for the years ended June 30, 2025 and 2024. To the extent income recognized in the current period differs from actual results, Medicaid supplemental income will be adjusted.

The Medical Center entered into an Intergovernmental Transfer Agreement (IGT) with the Louisiana Department of Health (LDH) as part of Louisiana Physician IPA, Inc. which is a physician supplemental program. In fiscal year 2024, the Medical Center recognized revenue of \$643,100 in Medicaid supplemental payments of which \$-0- was submitted to LDH as an IGT. In fiscal year 2024, the Medical Center recognized revenue of \$23,242 in Medicaid supplemental payments of which \$-0- was submitted to LDH as an IGT.

Note 14 - Concentrations of Credit Risk

The Medical Center grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at June 30, 2025 and 2024 was as follows:

	2025	2024
Medicare	24%	20%
Medicaid	26%	19%
Commercial insurance and other third-party payors	37%	50%
Patients	13%	11%
	100%	100%

Note 15 - Contingencies

Risk Management

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

Malpractice Insurance

Under current Louisiana law, the Medical Center's liability for medical malpractice is statutorily limited to \$500,000 per claim. The Medical Center has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$100,000 per claim and an annual aggregate limit of \$2 million. In addition, the Medical Center has an additional policy for \$400,000 per claim. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

The Medical Center is a participant of the Louisiana Hospital Association Malpractice and General Liability Trust (the Trust) and Workers' Compensation Interlocal Risk Management Agency (the Agency). These trust funds retrospectively set premiums for members based on the loss history of each entire group. The Medical Center expenses premiums paid to these multi-provider captive insurance companies over the policy periods covered. According to the trust document for the Trust, participants are jointly and severally liable for the obligations of the Trust with the right of indemnity among the participants for each participant's pro rata share of the obligation as formulated in the trust document. Each participant has this contingent assessment liability for the payment of actual losses and expenses incurred while a participant in the Trust. This contingent liability is not to exceed the amount necessary to make up trust fund deficiencies in the trust fund year in which the obligations were incurred, and such liability is not to exceed an amount equal to the charges otherwise due by such participant during such plan year.

According to the trust documents for the Agency, participants are liable jointly and *in solido* for claims not paid pursuant to Subpart J of Part I of Chapter 10 of Title 23 of the Louisiana Revised Statutes of 1950, with the right of indemnity among the participants for each participant's pro rata share of the obligation as formulated in the trust document. Each participant has this contingent assessment liability for the payment of actual losses and expenses incurred while a participant in the Fund, but only to the extent that such losses and expenses are not paid by the excess coverage secured by the Fund. Management does not believe that any significant contingent liabilities exist under these insurance arrangements.

Litigations, Claims, and Disputes

The Medical Center is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Medical Center.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient and resident services.

Self-Funded Health Plan

The Medical Center is self-funded for health benefits for eligible employees and their dependents. The Medical Center, in connection with this plan, recognizes health benefit expenses on an accrual basis. An accrued liability is recorded at year-end which estimates the incurred by not reported claims that will be paid by the Medical Center. The Medical Center has stop loss insurance to cover catastrophic claims in excess of \$70,000 per claim and an annual aggregate limit of \$1,000,000 for the plan year ended September 30, 2025. The Medical Center has stop loss insurance to cover catastrophic claims in excess of \$70,000 per claim and an annual aggregate limit of \$1,000,000 for the plan year ended September 30, 2024.

The Medical Center expenses amounts representing the employer’s portion of actual claims paid, adjusted for the estimates of liabilities relating to claims resulted from services provided prior to the fiscal year end not to exceed the annual aggregate expense. The estimated liability is included in accounts payable in the financial statements. These amounts have been estimated based on historical trends and actuarial analysis. Changes in the balance of claims liabilities during the past two years are as follows:

Year	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2025	\$ 216,719	\$ 1,512,030	\$ (1,478,012)	\$ 250,737
2024	\$ 203,209	\$ 2,023,920	\$ (2,010,410)	\$ 216,719

Workers' Unemployment Liability Risk

The Medical Center became self-funded with respect to unemployment claims effective October 1, 1998. As a self-funded employer, the Medical Center must reimburse the Louisiana Department of Labor on a dollar-for-dollar basis for unemployment benefits paid to former employees. Management does not believe that any significant contingent liabilities exist under this arrangement.

Employee Retention Credit

The Medical Center’s credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2027. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

Note 16 - Condensed Combining Information

The following summarizes combining information for the Medical Center and Foundation, which has been presented as a blended component unit, as of and for the year ended June 30, 2025.

Statement of net position as of June 30, 2025:

	Hospital	Foundation	Total
Assets and Deferred Outflows of Resources			
Assets			
Current assets	\$ 21,848,755	\$ 247,405	\$ 22,096,160
Noncurrent cash	2,790,693	-	2,790,693
Capital assets, net	33,628,865	-	33,628,865
Other assets	114,276	-	114,276
Net pension asset	1,733,024	-	1,733,024
Total assets	60,115,613	247,405	60,363,018
Deferred outflows of resources	1,581,396	-	1,581,396
Total assets and deferred outflows of resources	\$ 61,697,009	\$ 247,405	\$ 61,944,414
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current liabilities	\$ 4,635,055	\$ -	\$ 4,635,055
Long-term debt, less current maturities	17,959,263	-	17,959,263
Long-term lease liabilities, less current maturities	146,888	-	146,888
Long-term subscription IT liabilities, less current ma	1,377,558	-	1,377,558
Compensated absences	442,961	-	442,961
Total liabilities	24,561,725	-	24,561,725
Deferred inflows of resources	950,943	-	950,943
Net position			
Net investment in capital assets	13,059,972	-	13,059,972
Restricted	3,612,304	-	3,612,304
Unrestricted	19,512,065	247,405	19,759,470
Total net position	36,184,341	247,405	36,431,746
Total liabilities, deferred inflows of resources, and net position	\$ 61,697,009	\$ 247,405	\$ 61,944,414

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Notes to Financial Statements
 June 30, 2025 and 2024

Operating results and changes in net position for the year ended June 30, 2025:

	<u>Hospital</u>	<u>Foundation</u>	<u>Total</u>
Operating revenues			
Net patient service revenue	\$ 27,836,172	\$ -	\$ 27,836,172
Other revenue	<u>20,860,476</u>	<u>-</u>	<u>20,860,476</u>
Total operating revenues	<u>48,696,648</u>	<u>-</u>	<u>48,696,648</u>
Operating expenses			
Depreciation and amortization	2,830,870	-	2,830,870
Other operating expenses	<u>46,135,990</u>	<u>200,154</u>	<u>46,336,144</u>
Total operating expenses	<u>48,966,860</u>	<u>200,154</u>	<u>49,167,014</u>
Operating loss	(270,212)	(200,154)	(470,366)
Nonoperating revenues (expenses)	<u>2,457,106</u>	<u>653</u>	<u>2,457,759</u>
Revenues in excess of expenses	2,186,894	(199,501)	1,987,393
Capital contributions	<u>125,672</u>	<u>155,711</u>	<u>281,383</u>
Change in net position	2,312,566	(43,790)	2,268,776
Net position, beginning of year	<u>33,871,775</u>	<u>291,195</u>	<u>34,162,970</u>
Net position, end of year	<u>\$ 36,184,341</u>	<u>\$ 247,405</u>	<u>\$ 36,431,746</u>

Cash flows for the year ended June 30, 2025:

	<u>Hospital</u>	<u>Foundation</u>	<u>Total</u>
Net cash used for operating activities	\$ 118,337	\$ (200,154)	\$ (81,817)
Net cash from noncapital financing activities	2,519,060	-	2,519,060
Net cash from (used for) capital and capital related financing activities	(5,568,940)	155,711	(5,413,229)
Net cash from investing activities	<u>2,416,395</u>	<u>653</u>	<u>2,417,048</u>
Net change in cash and cash equivalents	(515,148)	(43,790)	(558,938)
Cash and cash equivalents, beginning of year	<u>4,578,719</u>	<u>291,195</u>	<u>4,869,914</u>
Cash and cash equivalents, end of year	<u>\$ 4,063,571</u>	<u>\$ 247,405</u>	<u>\$ 4,310,976</u>

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Notes to Financial Statements
 June 30, 2025 and 2024

The following summarizes combining information for the Medical Center and Foundation, which has been presented as a blended component unit, as of and for the year ended June 30, 2024.

Statement of net position as of June 30, 2024:

	Hospital Restated	Foundation	Total Restated
Assets and Deferred Outflows of Resources			
Assets			
Current assets	\$ 22,648,835	\$ 291,195	\$ 22,940,030
Noncurrent cash	2,026,814	-	2,026,814
Capital assets, net	32,910,555	-	32,910,555
Other assets	115,215	-	115,215
	57,701,419	291,195	\$57,992,614
Deferred outflows of resources	2,775,438	-	2,775,438
	Total assets and deferred outflows of resources	\$ 291,195	\$ 60,768,052
	\$ 60,476,857	\$ 291,195	\$ 60,768,052
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current liabilities	\$ 5,071,800	\$ -	\$ 5,071,800
Long-term debt, less current maturities	18,779,446	-	18,779,446
Long-term lease liabilities, less current maturities	174,486	-	174,486
Long-term subscription IT liabilities, less current ma	1,517,827	-	1,517,827
Compensated absences	416,859	-	416,859
Net pension liability	116,666	-	116,666
	26,077,084	-	26,077,084
Deferred inflows of resources	527,998	-	527,998
Net position			
Net investment in capital assets	11,352,823	-	11,352,823
Restricted	2,826,061	-	2,826,061
Unrestricted	19,692,891	291,195	19,984,086
	33,871,775	291,195	34,162,970
	Total liabilities, deferred inflows of resources, and net position	\$ 291,195	\$ 60,768,052
	\$ 60,476,857	\$ 291,195	\$ 60,768,052

North Caddo Hospital Service District
dba North Caddo Medical Center
Notes to Financial Statements
June 30, 2025 and 2024

Operating results and changes in net position for the year ended June 30, 2024:

	Hospital Restated	Foundation	Total Restated
Operating revenues			
Net patient service revenue	\$ 25,434,974	\$ -	\$ 25,434,974
Other revenue	11,090,830	-	11,090,830
Total operating revenues	<u>36,525,804</u>	<u>-</u>	<u>36,525,804</u>
Operating expenses			
Depreciation and amortization	2,652,161	-	2,652,161
Other operating expenses	36,804,043	11,678	36,815,721
Total operating expenses	<u>39,456,204</u>	<u>11,678</u>	<u>39,467,882</u>
Operating loss	(2,930,400)	(11,678)	(2,942,078)
Nonoperating revenues (expenses)	7,005,701	867	7,006,568
Revenues in excess of (less than) expenses	4,075,301	(10,811)	4,064,490
Capital contributions	875,861	46,088	921,949
Change in net position	4,951,162	35,277	4,986,439
Net position, beginning of year, as restated	28,920,613	255,918	29,176,531
Net position, end of year	<u>\$ 33,871,775</u>	<u>\$ 291,195</u>	<u>\$ 34,162,970</u>

Cash flows for the year ended June 30, 2024:

	Hospital	Foundation	Total
Net cash used for operating activities	\$ (552,421)	\$ (11,678)	\$ (564,099)
Net cash from noncapital financing activities	2,418,375	-	2,418,375
Net cash from (used for) capital and capital related financing activities	(7,287,132)	46,088	(7,241,044)
Net cash from (used for) investing activities	610,393	867	611,260
Net change in cash and cash equivalents	(4,810,785)	35,277	(4,775,508)
Cash and cash equivalents, beginning of year	9,389,504	255,918	9,645,422
Cash and cash equivalents, end of year	<u>\$ 4,578,719</u>	<u>\$ 291,195</u>	<u>\$ 4,869,914</u>

Note 17 - Restatement

As of July 1, 2024 the Medical Center adopted GASB Statement No. 101, Compensated Absences. The provisions of the standard modernize the types of leave that are considered a compensated absence and provides guidance for consistent recognition and measurement of compensated absence liability. Therefore, compensated absences current portion and noncurrent portion were increased by \$431,267 and \$416,859 as of June 30, 2024. Operating expenses were increased by \$66,657 and beginning net position was decreased by \$257,551. The effect of the change in accounting principal is described in the table below.

	Originally Presented June 30, 2024	Change Accounting Principle	As restated June 30, 2024
Current Liabilities			
Accrued expenses			
Salaries and wages	\$ 1,416,541	\$ (523,918)	\$ 892,623
Compensated absences	-	431,267	431,267
Total current liabilities	5,164,451	(92,651)	5,071,800
Long-Term Compensated Absences	-	416,859	416,859
Total liabilities	25,752,876	324,208	26,077,084
Net position			
Unrestricted	20,308,294	(324,208)	19,984,086
Total net position	34,487,178	(324,208)	34,162,970
Total liabilities and net position	\$ 60,768,052	\$ -	\$ 60,768,052
Operating expenses			
Benefits and payroll taxes	\$ 4,265,121	\$ 66,657	\$ 4,331,778
Total operating expenses	39,401,225	66,657	39,467,882
Operating loss	(2,875,421)	(66,657)	(2,942,078)
Revenues in excess of expenses	4,131,147	(66,657)	4,064,490
Changes in net position	5,053,096	(66,657)	4,986,439
Net position beginning of the year	29,434,082	(257,551)	29,176,531
Net position end of year	\$ 34,487,178	\$ (324,208)	\$ 34,162,970

Note 18 - Subsequent Events

On September 30, 2025, the North Caddo Hospital Service District issued revenue bonds series 2025E at 4.6 % interest in the amount of \$4,901,275 to finance the cost of acquisition, construction, improvement and equipping of the hospital and related facilities including the construction of a new rural health clinic. The bonds mature August 1, 2055.

Subsequent to year end the Medical Center executed two purchase agreements with a vendor to acquire a CT scanner and X-ray machine for approximately \$578,000. The projects are being funded internally.

Subsequent events have been evaluated through December 31, 2025, the date the financial statements were available to be issued.

Required Supplementary Information
June 30, 2025 and 2024

**North Caddo Hospital Service District
dba North Caddo Medical Center**

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedule of the Employer's Proportionate Share of the Net Pension Liability (Unaudited)
 Parochial Employees' Retirement System of Louisiana

Schedule of the Medical Center's Proportionate Share of the Net Pension Liability

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Hospital's Proportion of the Net Pension Liability	8.94%	9.28%	9.36%	8.39%	9.39%	9.56%	9.96%	10.89%	11.63%	10.15%
Hospital's Proportionate Share of the Net Pension Liability	\$ 1,590,973	\$ 1,205,412	\$ (1,177,691)	\$ 2,265,513	\$ (679,382)	\$ (2,454,951)	\$ (5,563,219)	\$ 2,593,500	\$ 116,666	\$ (1,733,024)
Hospital's Covered Payroll	\$ 8,588,368	\$ 9,237,639	\$ 9,533,399	\$ 9,401,037	\$ 10,439,020	\$ 10,925,324	\$ 11,922,252	\$ 13,317,309	\$ 14,400,311	\$ 15,296,054
Hospital's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	18.52%	13.05%	-12.35%	24.10%	-6.51%	-22.47%	-46.66%	19.47%	0.81%	-11.33%
PFERS' Net Position as a Percentage of the Total Pension Liability	93.50%	95.50%	104.02%	91.93%	102.05%	106.76%	114.20%	94.26%	99.77%	103.63%

Information in the schedule has been determined as of the measurement date (the June 30 twelve months immediately preceding the Medical Center's most recent fiscal year-end) of the collective net pension liability in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68.

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedule of Employer Pension Contributions (Unaudited)
 Parochial Employees' Retirement System of Louisiana

Schedule of the Medical Center's Contributions

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Statutorily Required Contribution	\$ 733,646	\$ 799,814	\$ 712,333	\$ 751,864	\$ 793,342	\$ 850,043	\$ 952,586	\$ 1,040,824	\$ 1,092,618	\$ 1,162,511
Contributions in Relation to the Statutorily Required Contribution	<u>733,646</u>	<u>799,814</u>	<u>712,333</u>	<u>751,864</u>	<u>793,342</u>	<u>850,043</u>	<u>952,586</u>	<u>1,040,824</u>	<u>1,092,618</u>	<u>1,162,511</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hospital's Covered Payroll	\$ 8,816,641	\$ 10,238,558	\$ 9,225,807	\$ 10,024,849	\$ 10,577,937	\$ 11,333,906	\$ 12,704,145	\$ 13,874,731	\$ 14,568,245	\$ 16,061,037
Contributions as a Percentage of Covered Payroll	8.32%	7.81%	7.72%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.24%

Information in this schedule has been determined as of the Medical Center's most recent fiscal year-end in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68.

Supplementary Information

June 30, 2025

**North Caddo Hospital Service District
dba North Caddo Medical Center**

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedules of Net Patient Service Revenue
 Years Ended June 30, 2025 and 2024

	2025	2024
Daily patient services		
Routine services	\$ 2,436,383	\$2,225,639
Swing bed	398,269	368,385
Obstetrics	136	61,846
Total daily patient services	<u>2,834,788</u>	<u>2,655,870</u>
Other professional services		
Operating room		
Inpatient	-	35,440
Outpatient	3,666,472	2,844,100
Total operating room	<u>3,666,472</u>	<u>2,879,540</u>
Anesthesia		
Inpatient	560	22,771
Outpatient	560,638	273,540
Total anesthesia	<u>561,198</u>	<u>296,311</u>
Radiology		
Inpatient	70,301	101,337
Outpatient	1,276,598	1,322,683
Total radiology	<u>1,346,899</u>	<u>1,424,020</u>
Ultrasound		
Inpatient	36,320	29,925
Outpatient	427,756	477,094
Total ultrasound	<u>464,076</u>	<u>507,019</u>
CT scans & nuclear medicine		
Inpatient	330,395	458,625
Outpatient	3,847,875	3,559,603
Total CT scans & nuclear medicine	<u>4,178,270</u>	<u>4,018,228</u>
MRI		
Inpatient	72,207	67,881
Outpatient	992,197	749,515
Total MRI	<u>1,064,404</u>	<u>817,396</u>

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedules of Net Patient Service Revenue
 Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Laboratory & blood		
Inpatient	1,019,404	1,320,583
Outpatient	<u>4,191,689</u>	<u>3,985,537</u>
Total laboratory & blood	<u>5,211,093</u>	<u>5,306,120</u>
Respiratory care		
Inpatient	636,985	978,866
Outpatient	<u>3,737,665</u>	<u>3,077,366</u>
Total respiratory care	<u>4,374,650</u>	<u>4,056,232</u>
Physical, occupational and speech therapy		
Inpatient	242,113	355,724
Outpatient	<u>2,006,741</u>	<u>2,442,590</u>
Total physical, occupational and speech therapy	<u>2,248,854</u>	<u>2,798,314</u>
EKG and EEG		
Inpatient	111,780	140,430
Outpatient	<u>554,245</u>	<u>547,180</u>
Total EKG and EEG	<u>666,025</u>	<u>687,610</u>
Central supply		
Inpatient	510,379	644,225
Outpatient	<u>189,712</u>	<u>158,738</u>
Total central supply	<u>700,091</u>	<u>802,963</u>
Pharmacy		
Inpatient	1,006,351	1,483,874
Outpatient	<u>2,367,857</u>	<u>2,868,175</u>
Total pharmacy	<u>3,374,208</u>	<u>4,352,049</u>
Emergency and treatment room		
Inpatient	252,136	289,505
Outpatient	<u>3,862,145</u>	<u>4,349,421</u>
Total emergency and treatment room	<u>4,114,281</u>	<u>4,638,926</u>

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedules of Net Patient Service Revenue
 Years Ended June 30, 2025 and 2024

	2025	2024
Other outpatient services		
Ambulance	1,983,048	1,655,967
Physicians and surgeons clinic	5,420,381	6,136,563
Plain dealing clinic	1,321,175	1,846,025
Benton clinic	2,291,071	1,608,917
Blanchard clinic	2,360,284	2,773,995
Oil city clinic	310,142	-
Fitness center	58,453	62,911
HealthPlex & kidmed	42,055	66,342
Pumonary rehab	367,305	272,144
South bossier clinic	2,043,351	301,549
Vivian dental	563,168	747,739
Total other outpatient services	16,760,433	15,472,152
Total other professional services	48,730,954	48,056,880
Gross charges	\$ 51,565,742	\$ 50,712,750
Gross charges	\$ 51,565,742	\$ 50,712,750
Less charges associated with charity patients	(821,668)	(444,591)
Gross patient service revenue	50,744,074	50,268,159
Deductions from patient revenue		
Contractual adjustments	(21,884,917)	(23,415,788)
Provision for bad debts	(1,022,985)	(1,417,397)
Total deductions from patient charges	(22,907,902)	(24,833,185)
Net patient service revenue	\$ 27,836,172	\$ 25,434,974

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedules of Other Revenue
 Years Ended June 30, 2025 and 2024

	2025	2024
Cafeteria	\$ 63,450	\$ 59,717
Medical records fees	8,000	13,611
340B pharmaceutical program	5,605,209	2,321,511
Vending	13,801	1,957
Gift shop sales	14	74,420
Miscellaneous	636,451	941,116
Community RX	9,412,985	4,558,388
Total other revenue	\$ 15,739,910	\$ 7,970,720

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedules of Operating Expenses
 Years Ended June 30, 2025 and 2024

	2025	2024
Salaries:		
Routine nursing	\$ 1,539,896	\$ 1,813,639
Obstetrics	-	49,795
Nursing administration	175,317	273,289
Operating room	448,791	408,742
Anesthesiology	394,825	400,777
Radiology	633,303	517,291
Ultrasound	91,677	86,916
MRI	38,721	30,757
Laboratory	624,574	743,457
Respiratory therapy	452,976	464,023
Physical therapy	306,114	423,509
Cardiology	-	1,377
Central supply	117,920	118,394
Pharmacy	360,019	297,147
Physicians and surgeons clinic	2,202,632	2,166,244
Plain Dealing clinic	493,965	745,343
Benton clinic	877,554	582,216
Blanchard clinic	1,081,793	1,096,457
South bossier clinic	902,761	202,369
Emergency room	1,829,877	1,857,428
Treatment room	5,100	2,823
Community Rx	721,148	331,488
Vivian Dental	298,468	472,841
Ambulance	1,172,430	910,946
HealthPlex	87,191	79,550
Fitness center	44,307	44,946
Medical records	877,554	223,570
Maintenance	275,967	250,266
Housekeeping	662,535	612,369
Dietary	353,596	346,324
Administration	2,805,975	2,629,212
	19,876,986	18,183,505
Benefits and payroll taxes:		
Retirement	1,115,777	718,531
Payroll taxes	1,321,575	1,172,530
Health, life and disability insurance	2,808,314	2,329,242
Workers compensation	116,375	105,089
Unemployment benefits	1,579	6,386
	5,363,620	4,331,778
	\$ 25,240,606	\$ 22,515,283

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedules of Operating Expenses
 Years Ended June 30, 2025 and 2024

	2025	2024
Routine nursing	\$ 127,807	\$ 64,021
Obstetrics	142	8,740
Cardiac care	150	331
Operating room	125,778	139,484
Anesthesiology	15,209	-
Radiology	47,479	20,853
Ultrasound	26,722	38,883
MRI	87,068	192
CT scan	17,623	22,558
Laboratory	336,493	294,074
Respiratory therapy	47,586	65,535
Physical therapy	5,614	6,735
Central supply	126,916	245,258
Pharmacy	521,277	384,478
Cardiology	90	-
Physicians and surgeons clinic	166,883	145,977
HealthPlex	-	19,321
Plain Dealing clinic	69,645	91,053
Benton clinic	-	50,847
Blanchard clinic	206,982	93,457
South bossier clinic	103,824	48,423
Oil city clinic	26,014	-
Ambulance	104,846	73,438
Emergency room	95,632	39,585
Treatment room	3,139	4,121
Fitness center	17,697	12,154
Community Rx	8,585,943	4,158,500
Vivian Dental	78,040	80,994
	<u>\$ 10,944,599</u>	<u>\$ 6,109,012</u>
Total medical supplies and drugs		

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedules of Operating Expenses
 Years Ended June 30, 2025 and 2024

	2025	2024
Administrative and computer	\$ -	\$ 170,789
Legal and professional fees	137,222	1,054,690
Laundry purchased services	-	68,533
Dietary	-	5,928
Routine nursing & obstetrics	-	1,091
Residents	15,000	77,232
Anesthesiology	154,461	67,450
Radiology	245,683	20,225
MRI	-	7,581
Ultrasound	1,050	2,250
Laboratory	121,079	86,509
Respiratory therapy	1,128,775	850,098
Physical therapy	110,000	108,333
Pharmacy	357,457	387,709
Pulmonary rehab	-	52,333
Emergency room	649,055	629,645
	<u>\$ 2,919,782</u>	<u>\$ 3,590,396</u>
Total professional services		
	2025	2024
Miscellaneous purchased services	\$ 880,386	\$ 460,128
Marketing	91,202	64,330
Non-medical supplies	3,278,177	1,734,889
Dietary food expense	280,845	294,702
Maintenance and repairs	396,453	301,424
Utilities	583,593	526,338
Telephone	315,907	205,449
Travel and education	157,941	148,287
Dues and subscription	97,343	74,164
Postage	22,829	24,117
Sales and property taxes	17,257	4,247
Foundation fundraising and special events	217,822	12,115
Intergovernmental transfer	48,276	135,784
Miscellaneous expense	312,492	22,823
	<u>\$ 6,700,523</u>	<u>\$ 4,008,797</u>
Total other expense		

North Caddo Hospital Service District
dba North Caddo Medical Center
Schedule of Compensation, Benefits, and Other Payments to Agency Head
Year Ended June 30, 2025

Agency Head Name: David Jones

Purpose	Amount
Salary	\$ 443,811
Conference travel	3,730
Cell phone	576
Special meals	1,369
Other	
Life-disability insurance	2,150
Sick time buyback	10,102
	<hr/>
	\$ 461,738
	<hr/> <hr/>

North Caddo Hospital Service District
dba North Caddo Medical Center

Schedule of Per Diem and Other Compensation Paid to Medical Center Board Members
Year Ended June 30, 2025

	<u>Per Diem</u>	<u>Mileage Reimbursement</u>	<u>Total Compensation</u>	<u>Office Held</u>	<u>Expiration of Term</u>
Kenneth Cochran	\$ 1,150	\$ -	\$ -	Board Chair	7/18/2030
Jennifer Fant	1,000	-	-	Vice Chair	7/18/2026
Adam Oliver	700	-	-	Member	7/18/2030
Robert Green, Jr.	1,200	-	-	Member	7/1/2029
Mary Irvin	1,000	-	-	Member	7/1/2028
Michael Nation	1,000	-	-	Member	7/10/2027
David Norman	1,550	-	-	Member	7/18/2026
Brtenda Smtih	1,000	-	-	Member	7/1/2026
Thomas Tebbe	1,200	-	-	Member	8/18/2028
	<u>\$ 9,800</u>	<u>\$ -</u>	<u>\$ -</u>		

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedule of Insurance Policies (Unaudited)
 June 30, 2025

Risk Covered	Coverage	Beginning	Ending
Ambulance Liability	\$ 1,000,000	7/23/2024	7/23/2025
Business Auto Liability	1,000,000	7/23/2024	7/23/2025
Cyber Protection	100,000	11/1/2024	11/1/2025
Directors and Officers Liability	1,000,000	7/23/2024	7/23/2025
Employment practices liability	1,000,000	7/23/2024	7/23/2025
Antitrust claim	1,000,000	7/23/2024	7/23/2025
EMTALA coverage	250,000	7/23/2024	7/23/2025
Excess benefit transaction	50,000	7/23/2024	7/23/2025
HIPAA violation	50,000	7/23/2024	7/23/2025
Internal revenue code violation	100,000	7/23/2024	7/23/2025
Third party wrongful act	1,000,000	7/23/2024	7/23/2025
Malpractice and General Liability	4,500,000	11/1/2024	11/1/2025
Healthcare Claims Made Umbrella			
Commercial General Liability Occurrence, Excess of Bodily Injury, Property Damage, Personal Injury and Employment Benefits Liability	4,500,000	11/1/2024	11/1/2025
Excess Follow Form Liability Umbrella	4,500,000	11/1/2024	11/1/2025
Healthcare Professional Liability Per Occurrence (Annual Aggregate - \$2,000,000)	100,000	11/1/2024	11/1/2025
Louisiana Patients Compensation Fund			
Excess Healthcare Professional Liability Coverage	400,000	11/1/2024	11/1/2025
Bodily injury, property damage, personal injury, employee benefits liability	500,000	11/1/2024	11/1/2025
Medical expenses	1,000	11/1/2024	11/1/2025
Pollution/wrongful termination	250,000	11/1/2024	11/1/2025
Fire legal liability	100,000	11/1/2024	11/1/2025
Damage to property	100,000	11/1/2024	11/1/2025
Damage to patient property	5,000	11/1/2024	11/1/2025
Employed Physicians			
Claims made liability per occurrence	100,000	7/1/2024	7/1/2025
Aggregate	\$ 300,000	7/1/2024	7/1/2025

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedule of Insurance Policies
 June 30, 2025

Risk Covered	Coverage	Beginning	Ending
Property Insurance			
Real Property	\$ 76,313,031	7/23/2024	7/23/2025
Extra expense	10,000,000	7/23/2024	7/23/2025
Earthquake	50,000,000	7/23/2024	7/23/2025
Flood	50,000,000	7/23/2024	7/23/2025
Perishable stock	10,000,000	7/23/2024	7/23/2025
Service interruption	10,000,000	7/23/2024	7/23/2025
Hazardous Substance	250,000	7/23/2024	7/23/2025
Fungus remediation	100,000	7/23/2024	7/23/2025
Data Restoration	250,000	7/23/2024	7/23/2025
Employee Theft			
ERISA	1,000,000	7/23/2022	7/23/2025
Forgery or Alteration	1,000,000	7/23/2022	7/23/2025
On premises	1,000,000	7/23/2022	7/23/2025
In-transit	1,000,000	7/23/2022	7/23/2025
Money orders & counterfeit money	1,000,000	7/23/2022	7/23/2025
Computer crime	1,000,000	7/23/2022	7/23/2025
Funds transfer fraud	1,000,000	7/23/2022	7/23/2025
Persona accounts protection	250,000	7/23/2022	7/23/2025
Claim expense	5,000	7/23/2022	7/23/2025
Workers' Compensation			
Employer's liability	\$ Statutory 1,000,000	1/1/2024 1/1/2024	1/1/2025 1/1/2025



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

To the Board of Commissioners
North Caddo Hospital Service District
dba North Caddo Medical Center
Vivian, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of North Caddo Hospital Service District dba North Caddo Medical Center (Medical Center), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Medical Center’s basic financial statements, and have issued our report thereon dated December 31, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Medical Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center’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 Medical Center’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medical Center'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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Medical Center's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Medical Center's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Medical Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Medical Center'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 Medical Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Oklahoma City, Oklahoma
December 31, 2025



Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Commissioners
North Caddo Hospital Service District
dba North Caddo Medical Center
Vivian, Louisiana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited North Caddo Hospital Service District dba North Caddo Medical Center’s (Medical Center) 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 the Medical Center’s major federal program for the year ended June 30, 2025. The Medical Center’s major federal program is identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Medical Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Medical Center 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 the major federal program. Our audit does not provide a legal determination of the Medical Center’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 Medical Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Medical Center'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 GAAS, *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 Medical Center's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Medical Center'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 Medical Center'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 Medical Center'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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of the Medical Center as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements. We issued our report thereon dated December 31, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Oklahoma City, Oklahoma
December 31, 2025

North Caddo Hospital Service District
 dba North Caddo Medical Center
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Direct Award			
Community Facilities Loans and Grants	10.766		\$ 12,160,693
U.S. Department of Health and Human Services			
Passed through Louisiana Department of Health and Human Services			
Small Rural Hospital Improvement Grant Program	93.301	Unknown	8,000
Total Federal Financial Assistance			<u>\$ 12,168,693</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the North Caddo Hospital Service District dba North Caddo Medical Center (Medical Center) under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Center.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The Center does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

Note 4 - Loan Program

Expenditures reported on the Schedule consist of the beginning of the year outstanding loans balance plus advances made on the loans during the year. The outstanding balance of the direct loans at June 30, 2025, was \$11,904,874.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of major program:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Community Facilities Loans and Grants	10.766
Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2025-001 Preparation of Financial Statements and Schedule of Expenditures of Federal Awards

Material Weakness in Internal Control Over Financial Reporting

Criteria: A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements, including accompanying notes to the financial statements, as well as the schedule of expenditures of federal awards, by internal personnel of the entity that are materially correct. Management is responsible for establishing and maintaining internal control over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB).

Condition: The Medical Center does not have an internal control system designed to provide for the preparation of the financial statements, including the accompanying notes to the financial statements, as well as the schedule of expenditures of federal awards, as required by GAAP and GASB. In addition, audit adjustments were proposed for Medicare settlements and the year-end pension plan adjustment. As auditors, we were required to and did draft the financial statements and accompanying notes to the financial statements, as well as the schedule of expenditures of federal awards.

Cause: This weakness is due to the limited resources in the financial reporting process due to budgetary constraints.

Effect: The effect of this condition is that year-end financial reporting is prepared by a party outside of the Medical Center. The outside party does not have constant contact with the ongoing financial transactions that internal staff have. Furthermore, it is possible that new standards may not be adopted and applied timely to interim financial statements.

Recommendation: We recommend that management should consider the cost and benefits of financial statement and schedule of expenditures of federal awards preparation internally or from an outside party. In addition, management should consider the effects of other deficiencies on the financial reporting process.

Views of Responsible Officials: Management agrees with the finding.

Section III - Federal Award Findings and Questioned Costs

None

Agreed Upon Procedures Report
June 30, 2025

**North Caddo Hospital Service District
dba North Caddo Medical Center**



Independent Accountant's Report

North Caddo Hospital Service District
dba North Caddo Medical Center
815 S Pine St
Vivian, LA 71082

We have performed the procedures enumerated below, on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) of North Caddo Hospital Service District dba North Caddo Medical Center (Medical Center) as of and for the year ended June 30, 2025. The Medical Center's management is responsible for the control and compliance areas as of and for the year ended June 30, 2025.

The Medical Center has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of reporting our findings regarding the results of the procedures performed as compared to the LLA's Statewide Agreed-Upon Procedures as of and for the year ended June 30, 2025 and we will report on findings based on the procedures performed. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate to meet their 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.

Two-Year Testing Cycle Implementation

In accordance with recent guidance from the LLA, a two year testing cycle for State Agreed-Upon procedures has been implemented. Under this cycle, agencies that meet both of the following criteria in Year 1 may qualify for reduced testing in Year 2:

- The agency submitted its Year 1 report timely, and
- At least one SAUP category in Year 1 resulted in no exceptions.

For Year 2, only those SAUP categories in which exceptions were identified during Year 1 are required to be retested. Categories with no exceptions in Year 1 are not subject to further testing until the next full testing year, year ended June 30, 2026.

As the Medical Center met the eligibility requirements outlined above, the procedures performed for the current reporting period reflect the reduced SAUP testing. Accordingly, only procedures within the Board or Finance Committee category were subjected to testing in the current year.

The procedures and the associated findings tested during Year 2 are as follows:

1) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity’s collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management’s corrective action plan at each meeting until the findings are considered fully resolved.

Exceptions

The board did not receive written updates of the progress of resolving one of the three prior year audit findings.

Management Response

Management will provide written updates on the progress of resolving future audit findings to the board.

The procedures and the associated findings not subject to testing in Year 2 are as follows:

2) Written Policies and Procedures

- A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
 - i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

- iii. **Disbursements**, including processing, reviewing, and approving.
- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

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); 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
- ii. 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.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

- iii. Trace the deposit slip total to the actual deposit per the bank statement. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- iv. Trace the actual deposit per the bank statement to the general ledger.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - v. 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;
 - vi. 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
 - vii. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

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

Exceptions

No exceptions were identified in the performance of the procedures listed above.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #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 that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

9) Payroll and Personnel

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

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

11) Debt Service

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

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

Exceptions

No exceptions were identified in the performance of the procedures listed above.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

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

Exceptions

We performed the procedure and discussed the results with management.

14) Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

We were engaged by the Medical Center 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 the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures of the Medical Center as of and for the year ended June 30, 2025. 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 Medical Center 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 for the information and use of the Board of Commissioners and management of the Medical Center and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Oklahoma City, Oklahoma
December 30, 2025