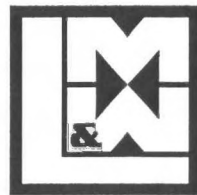


CITIZENS MEDICAL CENTER  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED  
MARCH 31, 2025 AND 2024



**LESTER, MILLER & WELLS**  
*A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS*



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**Citizens Medical Center  
Columbia, Louisiana**

**Management's Discussion and Analysis**

This section of the annual financial report for Hospital Service District No. 1 of Caldwell Parish, State of Louisiana d/b/a Citizens Medical Center (the "Hospital") provides background information and management's analysis of the Hospital's financial performance for the fiscal years that ended March 31, 2025, 2024, 2023, and 2022. Please read it in conjunction with the financial statements beginning on page 5 and notes to the financial statements beginning on page 10 in this report.

**Financial Highlights**

- ❖ The Hospital's total assets increased by approximately \$1,588,000, or roughly 5.9%. Capital assets increased by approximately \$4,013,000 in 2025.
- ❖ The Hospital's total liabilities decreased by approximately \$691,000, or 8.7%. Long-term debt decreased approximately \$461,000 during fiscal year 2025.
- ❖ During the year, the Hospital's total operating revenue increased by approximately \$2,563,000 or 14.7%. Operating expenses increased by roughly \$2,617,000, or 13.1% partly due to salaries and benefits expenses increasing 7.8%. The Hospital had a loss from operations of \$2,469,000, which is 12.3% of total operating revenue.
- ❖ GASB 101 *Compensated Absences*, was implemented in fiscal year 2025.

**Required Financial Statements**

The financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements provide overall information about the Hospital's financial activities on both short-term and long-term basis. The Statements of Net Position present information about its assets (resources) and liabilities (the amounts obligated to its creditors). The Statements of Revenues, Expenses, and Changes in Net Position present information about the current and prior years' activities in revenues and expenses. This statement also provides useful information for determining whether the Hospital's patient service revenue and other revenue sources were sufficient to allow the Hospital to recover all its costs. The final required financial statement is the Statement of Cash Flows which provides information about the Hospital's cash from operations, investing, and financing activities. In addition, this statement provides useful information to answer questions such as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the Hospital**

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



**Citizens Medical Center  
Columbia, Louisiana**

**Management's Discussion and Analysis**

**Net Position**

A summary of the Hospital's Statements of Net Position is presented in the table below:

**TABLE 1**  
**Condensed Statements of Net Position**  
*(In thousands)*

|                                                        |                      | <b>March 31,</b>     |                      |                      |  |
|--------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|--|
|                                                        | <b><u>2025</u></b>   | <b><u>2024</u></b>   | <b><u>2023</u></b>   | <b><u>2022</u></b>   |  |
| Total current assets                                   | \$ 10,712            | \$ 14,987            | \$ 15,871            | \$ 15,934            |  |
| Nondepreciable capital assets                          | 1,087                | 5,951                | 1,182                | 164                  |  |
| Depreciable capital assets - net                       | 13,057               | 4,180                | 4,182                | 3,993                |  |
| Other assets, including assets<br>whose use is limited | 317                  | 1,594                | 65                   | 65                   |  |
| Deferred outflows of resources                         | <u>147</u>           | <u>196</u>           | <u>246</u>           | <u>295</u>           |  |
| <br>Total Assets                                       | <br>\$ <u>25,320</u> | <br>\$ <u>26,908</u> | <br>\$ <u>21,546</u> | <br>\$ <u>20,451</u> |  |
| <br>Total current liabilities                          | <br>\$ 2,928         | <br>\$ 3,436         | <br>\$ 1,743         | <br>\$ 2,066         |  |
| Long-term liabilities                                  | <u>4,347</u>         | <u>4,212</u>         | <u>12</u>            | <u>20</u>            |  |
| <br>Total Liabilities                                  | <br><u>7,275</u>     | <br><u>7,648</u>     | <br><u>1,755</u>     | <br><u>2,086</u>     |  |
| <br>Invested in capital assets, net of<br>related debt | <br>9,932            | <br>5,291            | <br>5,325            | <br>3,917            |  |
| Restricted                                             | 317                  | 1,594                | 65                   | 65                   |  |
| Unrestricted                                           | <u>7,796</u>         | <u>12,375</u>        | <u>14,401</u>        | <u>14,383</u>        |  |
| <br>Total Net Position                                 | <br><u>18,045</u>    | <br><u>19,260</u>    | <br><u>19,791</u>    | <br><u>18,365</u>    |  |
| <br>Total Liabilities and Net Position                 | <br>\$ <u>25,320</u> | <br>\$ <u>26,908</u> | <br>\$ <u>21,546</u> | <br>\$ <u>20,451</u> |  |

A significant component of the change in the Hospital's current assets is the change in cash and cash equivalents and certificates of deposits. Cash and cash equivalents and certificates of deposits decreased by \$4,945,000, \$442,000 and \$494,000 in fiscal years 2025, 2024 and 2023, respectively. Capital assets increased in 2025 by \$4,013,000 or 39.6%; increased in 2024 by \$4,767,000 or 88.9%; and increased in 2023 by \$1,207,000 or 29.0%. Total liabilities decreased in 2025 by \$373,000 or 4.9%; increased in 2024 by \$5,892,000 or 335.7%; and decreased in 2023 by \$331,000 or 15.9%.

**Citizens Medical Center  
Columbia, Louisiana**

**Management's Discussion and Analysis**

**Summary of Revenues, Expenses, and Changes in Net Position**

The following table represents the Hospital's revenues, expenses, and changes in net position for the fiscal years ended March 31:

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

|                                               | March 31,        |                  |                  |                 |
|-----------------------------------------------|------------------|------------------|------------------|-----------------|
|                                               | <u>2025</u>      | <u>2024</u>      | <u>2023</u>      | <u>2022</u>     |
| Net patient service revenue                   | \$ 16,209        | \$ 14,584        | \$ 14,981        | \$ 14,913       |
| Medicaid supplemental payments                | 1,975            | 2,676            | 1,822            | 139             |
| Intergovernmental transfer grants             | -0-              | -0-              | 1,664            | 695             |
| Other revenue, net                            | <u>1,812</u>     | <u>173</u>       | <u>159</u>       | <u>59</u>       |
| Total Operating Revenue                       | <u>19,996</u>    | <u>17,433</u>    | <u>18,626</u>    | <u>15,806</u>   |
| Salaries and benefits                         | 11,929           | 11,026           | 10,214           | 9,315           |
| Supplies and drugs                            | 2,199            | 1,626            | 1,762            | 1,566           |
| Professional fees                             | 3,835            | 3,406            | 3,357            | 2,893           |
| Other expenses                                | 3,061            | 2,550            | 2,294            | 1,703           |
| Insurance                                     | 384              | 381              | 356              | 307             |
| Depreciation and amortization                 | <u>1,058</u>     | <u>823</u>       | <u>952</u>       | <u>961</u>      |
| Total Operating Expenses                      | <u>22,466</u>    | <u>19,812</u>    | <u>18,935</u>    | <u>16,745</u>   |
| Operating income (loss)                       | (2,470)          | (2,379)          | (309)            | (939)           |
| Nonoperating income                           | <u>1,573</u>     | <u>1,845</u>     | <u>1,735</u>     | <u>1,683</u>    |
| Changes in net position before capital grants | (897)            | (534)            | 1,426            | 744             |
| Capital grants                                | <u>-0-</u>       | <u>3</u>         | <u>-0-</u>       | <u>20</u>       |
| Changes in net position                       | (897)            | (531)            | 1,426            | 764             |
| GASB 101, restatement                         | (318)            | -0-              | -0-              | -0-             |
| Beginning net position                        | <u>19,260</u>    | <u>19,791</u>    | <u>18,365</u>    | <u>2,464</u>    |
| Ending Net Position                           | \$ <u>18,045</u> | \$ <u>19,260</u> | \$ <u>19,791</u> | \$ <u>3,228</u> |

**Citizens Medical Center  
Columbia, Louisiana**

**Management's Discussion and Analysis**

**Sources of Revenue**

**Net Patient Service Revenue**

During fiscal year 2025, the Hospital derived the majority of its total revenue from net patient service revenue. Net patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive care in the Hospital's facilities. Reimbursement for the Medicare and Medicaid programs and other third-party payors is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual adjustment. Net patient service revenue increased by \$1,625,000 or 11.1% from \$14,584,000 in 2024; decreased slightly by \$397,000 or 2.7% from \$14,981,000 in 2023 to \$14,584,000 in 2024; and increased slightly by \$68,000 or 0.5% in 2023.

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

**TABLE 3  
Payor Mix by Percentage**

|                                 | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---------------------------------|-------------|-------------|-------------|-------------|
| Medicare and managed care plans | 41%         | 41%         | 39%         | 39%         |
| Medicaid and managed care plans | 31%         | 35%         | 37%         | 37%         |
| Commercial insurance            | 23%         | 22%         | 21%         | 20%         |
| Self-pay                        | <u>5%</u>   | <u>2%</u>   | <u>3%</u>   | <u>4%</u>   |
| Total                           | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |

**Other Revenue**

Other revenue includes Medicaid supplemental payments, intergovernmental transfer grant income, cafeteria income, and other miscellaneous services. Other revenue increased approximately \$870,000 or 20.3%, decreased approximately \$805,000 or 15.8% compared to an increase of approximately \$2,794,000 or 122.1% in 2023. 340B revenue was the majority of the increase.

**TABLE 4  
Other Revenue (in thousands)**

|                                | <u>2025</u>     | <u>2024</u>     | <u>2023</u>     | <u>2022</u>     |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| Cafeteria sales                | \$ 65           | \$ 59           | \$ 48           | \$ 40           |
| Sales tax                      | 1,359           | 1,425           | 1,438           | 1,395           |
| Medicaid supplemental payments | 1,975           | 2,676           | 1,822           | 139             |
| Grants - operating and capital | 361             | 16              | 1,664           | 695             |
| 340B revenue                   | 1,281           | -0-             | -0-             | -0-             |
| Miscellaneous                  | <u>106</u>      | <u>101</u>      | <u>110</u>      | <u>19</u>       |
| Total                          | \$ <u>5,147</u> | \$ <u>4,277</u> | \$ <u>5,082</u> | \$ <u>2,288</u> |

**Citizens Medical Center  
Columbia, Louisiana**

**Management's Discussion and Analysis**

**Miscellaneous Income**

Miscellaneous income consists primarily of amounts received from processing Medicaid applications, clinic HPSA/PCP payments and group purchasing rebates.

**Investment Income**

The Hospital earned \$373,000, \$548,000, \$175,000, and \$78,000, in interest income in fiscal years 2025, 2024, 2023, and 2022, respectively. Interest was earned on certificates of deposit with higher rates in fiscal year 2025.

**Operating and Financial Performance**

**Patient Revenue**

Table 5 below depicts Medicare and Medicaid patient revenue for the fiscal years ended March 31:

**TABLE 5  
Patient Revenue  
(in thousands)**

|                                             | <u><b>2025</b></u> | <u><b>2024</b></u> | <u><b>2023</b></u> | <u><b>2022</b></u> |
|---------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Medicare and Medicaid gross patient charges | \$ 20,740          | \$ 19,193          | \$ 20,661          | \$ 20,987          |
| Contractual adjustments                     | <u>11,659</u>      | <u>10,586</u>      | <u>11,214</u>      | <u>10,776</u>      |
| Net Medicare and Medicaid revenue           | \$ <u>9,081</u>    | \$ <u>8,607</u>    | \$ <u>9,447</u>    | \$ <u>10,211</u>   |
| Percent of total gross charges              | <u>55%</u>         | <u>57%</u>         | <u>61%</u>         | <u>64%</u>         |
| Percent of total net revenue                | <u>56%</u>         | <u>59%</u>         | <u>63%</u>         | <u>68%</u>         |

Gross patient service revenue increased significantly by \$4,503,000 in 2025 compared to a decreased of \$270,000 in 2024. There was an increase of \$1,237,000 in 2023 and an increase in 2022 of \$8,792,000, due to increases in volume attributable to the pandemic. Radiology and rural health clinic increased by \$1,618,000 and \$1,766,000, respectively in 2025.

**Citizens Medical Center  
Columbia, Louisiana**

**Management's Discussion and Analysis**

**Medicare and Medicaid Patient Statistics**

Table 6 is a comparison of the Hospital's Medicare and Medicaid discharges, patient days, and lengths of stay for the fiscal years ended March 31:

**TABLE 6  
Medicare and Medicaid Patient Statistics**

|                                 | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---------------------------------|-------------|-------------|-------------|-------------|
| Discharges:                     |             |             |             |             |
| Adult and pediatric (A & P)     | 399         | 371         | 386         | 511         |
| Medicare (included in A & P)    | 230         | 211         | 185         | 245         |
| Medicaid (included in A & P)    | 48          | 51          | 73          | 98          |
| Patient days:                   |             |             |             |             |
| Adult and pediatric (A & P)     | 1,595       | 1,505       | 1,600       | 2,252       |
| Medicare (included in A & P)    | 871         | 807         | 787         | 1,120       |
| Medicaid (included in A & P)    | 226         | 219         | 331         | 418         |
| Medicare average length of stay | <u>3.79</u> | <u>3.82</u> | <u>4.25</u> | <u>4.57</u> |
| Medicaid average length of stay | <u>4.71</u> | <u>4.29</u> | <u>4.53</u> | <u>4.27</u> |

In fiscal year 2025 acute days increased by 90, while in fiscal years 2024 and 2023 acute days decreased by 95 and 652, respectively. Acute days increased in fiscal year 2022 by 180. Citizens Rural Clinic had an increase in charges of \$1,766,000, \$182,000 and \$240,000 in 2025, 2024 and 2023, respectively. Citizens

**Expenses**

Overall expenses increased by \$2,654,000, \$878,000, \$2,190,000, \$1,610,000, in 2025, 2024, and 2023, respectively. An increase in cost of salary and benefits to retain employees contributed to the increase in fiscal year 2025.

**Citizens Medical Center  
Columbia, Louisiana**

**Management's Discussion and Analysis**

**Accounts Receivable**

Table 7 below summarizes Accounts Receivable for the fiscal years ended March 31:

**TABLE 7  
Accounts Receivable  
(in thousands)**

|                              | <u><b>2025</b></u> | <u><b>2024</b></u> | <u><b>2023</b></u> | <u><b>2022</b></u> |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| Accounts receivable          | \$ 3,782           | \$ 3,505           | \$ 3,663           | \$ 3,717           |
| Allowance for uncollectibles | <u>(1,328)</u>     | <u>(1,238)</u>     | <u>(1,153)</u>     | <u>(1,412)</u>     |
| Net accounts receivable      | \$ <u>2,454</u>    | \$ <u>2,267</u>    | \$ <u>2,510</u>    | \$ <u>2,305</u>    |

Accounts receivable increased by \$187,000 in 2025, decreased by \$243,000 in 2024, increased by \$205,000 in 2023 and increased by \$50,000 in 2022.

**Capital Assets**

At the end of 2025, the Hospital invested \$460,000 in depreciable capital assets and \$4,562,000 in nondepreciable capital assets, as detailed in Note 5 to the financial statements. Completion of projects contributed to an increase in depreciable capital assets.

Table 8 below summarizes capital assets additions for the fiscal years ended March 31:

**TABLE 8  
Capital Assets  
(in thousands)**

|                          | <u><b>2025</b></u> | <u><b>2024</b></u> | <u><b>2023</b></u> | <u><b>2022</b></u> |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| Building & land          | \$ 171             | \$ 74              | \$ 65              | \$ 54              |
| Equipment                | 289                | 68                 | 1,050              | 361                |
| Construction in progress | <u>4,562</u>       | <u>5,131</u>       | <u>1,026</u>       | <u>7</u>           |
| Total capital additions  | \$ <u>5,022</u>    | \$ <u>5,273</u>    | \$ <u>2,141</u>    | \$ <u>422</u>      |

**Debt**

At year-end, the Hospital had \$4,158,000 in debt with the issuance of the Hospital Revenue Bond, Series 2023. No new debt was incurred in 2025. More detailed information about the Hospital's long-term liabilities is presented in the notes to the financial statements.

**Citizens Medical Center  
Columbia, Louisiana**

**Management's Discussion and Analysis**

**Contacting the Hospital's Financial Manager**

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



## **LESTER, MILLER & WELLS**

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(1949-2023)

### Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Hospital Service District No. 1, Parish of Caldwell, State of Louisiana, d/b/a Citizens Medical Center (the "Hospital" or "District"), a component unit of the Caldwell Parish Police Jury, as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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



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

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

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

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

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



***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the financial information of the Hospital and do not purport to, and do not, present fairly the financial position of Caldwell Parish Police Jury as of March 31, 2025 and 2024, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Required Supplementary Information***

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

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Board of Commissioners  
Hospital Service District No. 1  
Parish of Caldwell, State of Louisiana  
Columbia, Louisiana  
Page Four

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

*Lester Miller & Wells*

Certified Public Accountants  
Alexandria, Louisiana

September 24, 2025



CITIZENS MEDICAL CENTER  
STATEMENTS OF NET POSITION  
MARCH 31,

|                                                                    | <u>2025</u>          | <u>2024</u>          |
|--------------------------------------------------------------------|----------------------|----------------------|
| <u>Assets and Deferred Outflows of Resources</u>                   |                      |                      |
| Current                                                            |                      |                      |
| Cash and cash equivalents (Notes 2 & 3)                            | \$ 1,546,184         | \$ 3,277,513         |
| Certificates of deposit                                            | 4,633,939            | 7,847,059            |
| Accounts receivable, net of allowances for uncollectibles (Note 4) | 2,453,976            | 2,266,871            |
| Other receivables                                                  | 383,419              | 10,981               |
| Estimated third-party payor settlements                            | 873,794              | 761,627              |
| Inventory                                                          | 506,388              | 502,863              |
| Prepays                                                            | <u>314,365</u>       | <u>319,598</u>       |
| Total Current Assets                                               | <u>10,712,065</u>    | <u>14,986,512</u>    |
| Non-Current                                                        |                      |                      |
| Assets limited as to use (Note 6)                                  | 317,361              | 1,594,297            |
| Nondepreciable capital assets (Note 5)                             | 1,086,989            | 5,950,563            |
| Depreciable capital assets, net (Note 5)                           | 13,020,245           | 3,960,914            |
| Right-of-use capital assets, net (Note 5)                          | <u>36,381</u>        | <u>219,370</u>       |
| Total Assets                                                       | <u>25,173,041</u>    | <u>26,711,656</u>    |
| Deferred Outflows of Resources                                     |                      |                      |
| Excess consideration provided for acquisition                      | <u>147,369</u>       | <u>196,493</u>       |
| Total Deferred Outflows of Resources                               | <u>147,369</u>       | <u>196,493</u>       |
| Total Assets and Deferred Outflows of Resources                    | \$ <u>25,320,410</u> | \$ <u>26,908,149</u> |

See accompanying notes to financial statements.

CITIZENS MEDICAL CENTER  
STATEMENTS OF NET POSITION (Continued)  
MARCH 31,

| <u>Liabilities and Net Position</u>                | <u>2025</u>              | <u>2024</u>              |
|----------------------------------------------------|--------------------------|--------------------------|
| Current                                            |                          |                          |
| Accounts payable                                   | \$ 972,413               | \$ 1,099,922             |
| Accrued expenses                                   | 713,511                  | 794,926                  |
| Current portion of compensated absences            | 670,904                  | 474,248                  |
| Deferred revenue                                   | 1,789                    | 1,789                    |
| Estimated third-party payor settlements            | 57,680                   | 99,538                   |
| Current portion of lease liabilities               | 50,542                   | 183,026                  |
| Current portion of long-term debt                  | <u>461,000</u>           | <u>445,000</u>           |
| <br>Total Current Liabilities                      | <br><u>2,927,839</u>     | <br><u>3,098,449</u>     |
| Long-term                                          |                          |                          |
| Compensated absences, net of current portion       | 647,073                  | 656,247                  |
| Lease liabilities, net of current portion (Note 8) | 3,077                    | 53,618                   |
| Long-term debt, net of current portion (Note 9)    | <u>3,697,000</u>         | <u>4,158,000</u>         |
| <br>Total Liabilities                              | <br><u>7,274,989</u>     | <br><u>7,966,314</u>     |
| Net Position                                       |                          |                          |
| Net investment in capital assets                   | 9,931,996                | 5,291,203                |
| Restricted (Note 6)                                | 317,361                  | 1,594,297                |
| Unrestricted                                       | <u>7,796,064</u>         | <u>12,056,335</u>        |
| <br>Total Net Position                             | <br><u>18,045,421</u>    | <br><u>18,941,835</u>    |
| <br>Total Liabilities and Net Position             | <br>\$ <u>25,320,410</u> | <br>\$ <u>26,908,149</u> |

See accompanying notes to financial statements.

CITIZENS MEDICAL CENTER  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED MARCH 31,

|                                               | <u>2025</u>          | <u>2024</u>          |
|-----------------------------------------------|----------------------|----------------------|
| Operating Revenues                            |                      |                      |
| Net patient service revenue (Note 10)         | \$ 16,208,679        | \$ 14,584,308        |
| Medicaid supplemental payments                | 1,974,973            | 2,676,480            |
| Noncapital grants                             | 360,573              | 13,000               |
| Other operating revenue                       | <u>1,452,038</u>     | <u>159,760</u>       |
| Total Operating Revenues                      | <u>19,996,263</u>    | <u>17,433,548</u>    |
| Operating Expenses                            |                      |                      |
| Salaries                                      | 10,068,512           | 9,299,379            |
| Benefits and payroll taxes                    | 1,859,838            | 1,761,985            |
| Supplies and drugs                            | 2,199,440            | 1,625,993            |
| Professional fees                             | 3,835,043            | 3,406,341            |
| Other expenses                                | 3,060,680            | 2,549,993            |
| Insurance                                     | 383,982              | 381,971              |
| Depreciation and amortization                 | <u>1,058,182</u>     | <u>823,250</u>       |
| Total Operating Expenses                      | <u>22,465,677</u>    | <u>19,848,912</u>    |
| Operating Income (Loss)                       | (2,469,414)          | (2,415,364)          |
| Nonoperating Income (Loss)                    |                      |                      |
| Sales tax                                     | 1,359,498            | 1,425,464            |
| Interest income                               | 372,594              | 548,103              |
| Interest expense                              | <u>(159,092)</u>     | <u>(127,664)</u>     |
| Changes in Net Position before Capital Grants | (896,414)            | (569,461)            |
| Capital grants                                | <u>-0-</u>           | <u>3,050</u>         |
| Increase (Decrease) in Net Position           | <u>(896,414)</u>     | <u>(566,411)</u>     |
| Beginning Net Position                        | <u>18,941,835</u>    | <u>19,508,246</u>    |
| Ending Net Position                           | \$ <u>18,045,421</u> | \$ <u>18,941,835</u> |

See accompanying notes to financial statements.

CITIZENS MEDICAL CENTER  
STATEMENTS OF CASH FLOWS  
YEARS ENDED MARCH 31,

|                                                                      | <u>2025</u>         | <u>2024</u>         |
|----------------------------------------------------------------------|---------------------|---------------------|
| Cash flows from operating activities:                                |                     |                     |
| Cash received from patients and third-party payors                   | \$ 15,867,549       | \$ 14,799,398       |
| Other receipts from operations                                       | 3,415,146           | 3,002,751           |
| Cash payments for other operating expenses                           | (9,604,945)         | (7,258,432)         |
| Cash payments to employees and for employee-related costs            | <u>(11,822,283)</u> | <u>(10,584,269)</u> |
| Net cash provided (used) by operating activities                     | <u>(2,144,533)</u>  | <u>(40,552)</u>     |
| Cash flows from investing activities:                                |                     |                     |
| Interest income                                                      | 372,594             | 548,103             |
| Proceeds from certificates of deposit                                | 3,213,120           | -0-                 |
| Cash invested in certificates of deposit                             | <u>-0-</u>          | <u>(321,032)</u>    |
| Net cash provided (used) by investing activities                     | <u>3,585,714</u>    | <u>227,071</u>      |
| Cash flows from non-capital financing activities:                    |                     |                     |
| Proceeds from sales taxes                                            | <u>1,359,498</u>    | <u>1,425,464</u>    |
| Net cash provided (used) by non-capital financing activities         | <u>1,359,498</u>    | <u>1,425,464</u>    |
| Cash flows from capital and related financing activities:            |                     |                     |
| Principal payments on lease liabilities                              | (183,025)           | (51,783)            |
| Principal payments on bonds                                          | (445,000)           | (397,000)           |
| Interest expense                                                     | (159,092)           | (127,664)           |
| Proceeds from long-term debt                                         | -0-                 | 5,000,000           |
| Proceeds from capital grants                                         | -0-                 | 3,050               |
| Cash proceeds from limited use assets                                | 1,276,936           | -0-                 |
| Cash invested in limited use assets                                  | -0-                 | (1,529,174)         |
| Acquisition of capital assets                                        | <u>(5,021,827)</u>  | <u>(5,272,596)</u>  |
| Net cash provided (used) by capital and related financing activities | <u>(4,532,008)</u>  | <u>(2,375,167)</u>  |
| Net increase (decrease) in cash and cash equivalents                 | (1,731,329)         | (763,184)           |
| Beginning cash and cash equivalents                                  | <u>3,277,513</u>    | <u>4,040,697</u>    |
| Ending cash and cash equivalents                                     | \$ <u>1,546,184</u> | \$ <u>3,277,513</u> |

See accompanying notes to financial statements.



CITIZENS MEDICAL CENTER  
STATEMENTS OF CASH FLOWS (Continued)  
YEARS ENDED MARCH 31,

|                                                                                                           | <u>2025</u>           | <u>2024</u>        |
|-----------------------------------------------------------------------------------------------------------|-----------------------|--------------------|
| Supplemental disclosures of cash flow information:                                                        |                       |                    |
| Cash paid during the period for interest                                                                  | \$ <u>165,303</u>     | \$ <u>62,443</u>   |
| Right-of-use assets acquired under leases                                                                 | \$ <u>-0-</u>         | \$ <u>268,256</u>  |
| Reconciliation of income from operations to<br>net cash provided (used) by operating activities:          |                       |                    |
| Operating income (loss)                                                                                   | \$ (2,469,414)        | \$ (2,415,364)     |
| Adjustments to reconcile revenue in excess of<br>expenses to net cash provided by operating<br>activities |                       |                    |
| Depreciation and amortization                                                                             | 1,058,183             | 823,250            |
| Change in current assets (increase) decrease                                                              |                       |                    |
| Accounts receivable, net                                                                                  | (187,105)             | 242,890            |
| Other receivables                                                                                         | (372,438)             | 151,722            |
| Estimated third-party payor settlements                                                                   | (112,167)             | 27,268             |
| Inventory                                                                                                 | (3,525)               | 49,655             |
| Prepays                                                                                                   | 5,233                 | (29,104)           |
| Change in current liabilities (increase) decrease                                                         |                       |                    |
| Accounts payable                                                                                          | (127,509)             | 685,315            |
| Accrued expenses                                                                                          | (81,415)              | 408,227            |
| Compensated absences                                                                                      | 187,482               | 68,868             |
| Deferred revenue                                                                                          | -0-                   | 1,789              |
| Estimated third-party payor settlements                                                                   | <u>(41,858)</u>       | <u>(55,068)</u>    |
| Net cash provided (used) by operating activities                                                          | \$ <u>(2,144,533)</u> | \$ <u>(40,552)</u> |

See accompanying notes to financial statements.



CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Hospital Service District No. 1 of the Parish of Caldwell (the "Hospital" or the "District") was created by an ordinance of the Caldwell Parish Police Jury. The District is comprised of and embraces the territory contained within the Parish of Caldwell, State of Louisiana, as constituted as of the date of the ordinance.

The Hospital is a political subdivision of the Caldwell Parish Police Jury whose jurors are elected officials. The Hospital's commissioners are appointed by the Caldwell Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Caldwell Parish Police Jury is the financial reporting entity for the Hospital. Accordingly, the Hospital was determined to be a component unit of the Caldwell Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business

The Hospital provides outpatient, emergency, rural health clinic, skilled nursing (through "swing-beds"), and acute inpatient services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

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

Basis of Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic measurement focus.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and money market accounts and certificates of deposit with original maturities of ninety (90) days or less. Certificates of deposit with original maturities of over ninety (90) days are classified as short-term. Cash and cash equivalents and certificates of deposit are stated at cost, which approximates market value. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Risk

The Hospital provides medical care primarily to Caldwell Parish residents and grants credit to patients substantially all of whom are local residents.

The Hospital's estimate of collectability is based on evaluation of historical collections compared to gross charges and an analysis of aged accounts receivable to establish an allowance for uncollectible accounts.

Significant Concentration of Economic Dependence

The Hospital has an economic dependence on a small number of staff physicians. These physicians admit over 90% of the Hospital's patients. The Hospital also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 10. Changes in federal or state legislation or interpretations of rules have a significant impact on the Hospital.

Net Patient Service Revenues

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

Revenues are recorded at estimated amounts due from patients and third-party payors for the Hospital services provided. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Patient Accounts Receivable

Patient accounts receivable are carried at a net amount determined by the original charges for the services provided, less an estimate made for contractual adjustments or discounts provided to the third-party payors, less any payments received and less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by utilizing a historical experience applied to an aging of accounts. Patient accounts receivable are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off as bad debt expense are recorded as a reduction of bad debt expense when received.

Inventory

Inventories are stated at the lower of cost determined by the first-in, first-out method, or market basis.

Income Taxes

The entity is a political subdivision and exempt from taxation.

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Limited Use Assets

Limited use assets consists of unredeemed coupons from the inception of the Hospital Service District and revenue bonds borrowed for the Hospital expansion.

Capital Assets

Capital assets are recorded at cost for purchased assets or at fair market value on the date of any donation. The Hospital uses straight-line method of determining depreciation for financial reporting and third-party reimbursement. The following estimated useful lives are generally used.

|                            |               |
|----------------------------|---------------|
| Buildings and Improvements | 5 to 40 years |
| Machinery and Equipment    | 3 to 20 years |
| Furniture and Fixtures     | 3 to 20 years |
| Intangibles                | 3 to 8 years  |

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred.

The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are currently credited or charged to nonoperating revenue.

Net Position

The Hospital classifies net position into three components: invested in capital assets, net of related debt; restricted, and unrestricted. Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, or contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted.

Revenues and Expenses

The Hospital's statements of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Nonoperating revenue also includes sales taxes passed to provide the Hospital with revenue to operate and maintain the Hospital. Nonexchange revenues are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, then unrestricted resources as they are needed.

Grants and Contributions

From time to time, the Hospital receives grants and contributions from the State of Louisiana, individuals or private and public 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 operating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Use of Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The Hospital does have an item that qualifies for reporting in this category.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until then. The Hospital does not currently have any items that qualify for reporting in this category.

Risk Management

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

Environmental Matters

The Hospital is subject to laws and regulations relating to the protection of the environment. The Hospital's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of the Hospital's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Hospital. At March 31, 2025 and 2024 management is not aware of any liability resulting from environmental matters.

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended March 31, 2025 and 2024 totaled \$245,980 and \$184,049, respectively.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Recently Adopted Accounting Pronouncements

The Hospital implemented GASB Statement No. 101, *Uncompensated Absences* in fiscal year 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The new standard is to be applied to all compensated absences as of the beginning of the earliest period presented; and therefore, the March 31, 2024 financial statements have been restated, as discussed in Note 20.

Recently Issued Accounting Principles - Not Yet Adopted

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints and enhance transparency by requiring disclosures about these risks. The requirements of this statement are effective for reporting periods beginning after June 15, 2024. Management is evaluating the potential impact of adoption on the Hospital's financial statements.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year classifications.



CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 3 - DEPOSITS AND INVESTMENTS

Louisiana state statutes authorize the Hospital to invest in direct obligations of the United States Treasury and other federal agencies, time deposits with state banks and national banks having their principal office in the State of Louisiana, guaranteed investment contracts issued by highly rated financial institutions, and certain investments with qualifying mutual or trust fund institutions. Louisiana statutes also require that all of the deposits of the Hospital be protected by insurance or collateral. The market value of collateral pledged must equal or exceed 100% of the deposits not covered by insurance.

Custodial Credit Risks - Custodial credit risk for deposits is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. Louisiana state statutes require that all the deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital's deposits were entirely insured or entirely collateralized by securities or a letter of credit held by the pledging bank's trust department in the Hospital's name at March 31, 2025 and 2024.

Concentration of Credit Risks - The Hospital has 98% of its cash and cash equivalents at Homeland Federal Savings Bank in checking and certificates of deposit.

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

The carrying amounts of deposits and investments are included in the Hospital's balance sheets as follows:

|                                                                | <u>2025</u>         | <u>2024</u>          |
|----------------------------------------------------------------|---------------------|----------------------|
| Carrying amount                                                |                     |                      |
| Deposits                                                       | \$ 1,546,184        | \$ 3,277,513         |
| Certificates of deposit                                        | <u>4,951,300</u>    | <u>9,441,356</u>     |
|                                                                | \$ <u>6,497,484</u> | \$ <u>12,718,869</u> |
|                                                                | <u>2025</u>         | <u>2024</u>          |
| Included in the following statements of net position captions: |                     |                      |
| Current assets                                                 |                     |                      |
| Cash and cash equivalents                                      | \$ 1,546,184        | \$ 3,277,513         |
| Certificates of deposit                                        | 4,633,939           | 7,847,059            |
| Noncurrent cash and investments                                |                     |                      |
| Held for debt service                                          | <u>317,361</u>      | <u>1,594,297</u>     |
|                                                                | \$ <u>6,497,484</u> | \$ <u>12,718,869</u> |

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable at March 31 is presented below:

|                             | <u>2025</u>         | <u>2024</u>         |
|-----------------------------|---------------------|---------------------|
| Patient accounts receivable | \$ 3,781,976        | \$ 3,504,871        |
| Estimated uncollectibles    | <u>(1,328,000)</u>  | <u>(1,238,000)</u>  |
| Net accounts receivable     | \$ <u>2,453,976</u> | \$ <u>2,266,871</u> |

The following is a mix of gross receivables from patients and third-party payors at March 31:

|                                          | <u>2025</u> | <u>2024</u> |
|------------------------------------------|-------------|-------------|
| Medicare                                 | 24%         | 25%         |
| Medicare managed care plans              | 15%         | 15%         |
| Medicaid and Medicaid managed care plans | 19%         | 20%         |
| Commercial and other third-party payors  | 20%         | 20%         |
| Patients                                 | <u>22%</u>  | <u>20%</u>  |
|                                          | <u>100%</u> | <u>100%</u> |

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital assets and related accumulated depreciation at March 31:

|                                        | <u>2024</u>         | <u>Additions</u>    | <u>Dispositions</u> | <u>Transfers</u>      | <u>2025</u>          |
|----------------------------------------|---------------------|---------------------|---------------------|-----------------------|----------------------|
| Nondepreciable capital assets          |                     |                     |                     |                       |                      |
| Land                                   | \$ 113,989          | \$ -0-              | \$ -0-              | \$ -0-                | \$ 113,989           |
| Construction in progress               | 5,794,067           | 4,561,883           | -0-                 | (9,425,457)           | 930,493              |
| Minor equipment                        | <u>42,507</u>       | <u>-0-</u>          | <u>-0-</u>          | <u>-0-</u>            | <u>42,507</u>        |
| Total nondepreciable capital assets    | \$ <u>5,950,563</u> | \$ <u>4,561,883</u> | \$ <u>-0-</u>       | \$ <u>(9,425,457)</u> | \$ <u>1,086,989</u>  |
| Depreciable capital assets             |                     |                     |                     |                       |                      |
| Land improvements                      | \$ 478,879          | \$ 145,500          | \$ -0-              | \$ -0-                | \$ 624,379           |
| Buildings                              | 8,160,795           | 25,385              | -0-                 | 8,811,812             | 16,997,992           |
| Furniture and equipment                | <u>6,968,924</u>    | <u>289,059</u>      | <u>3,261</u>        | <u>613,645</u>        | <u>7,868,367</u>     |
| Total depreciable capital assets       | 15,608,598          | 459,944             | 3,261               | 9,425,457             | 25,490,738           |
| Accumulated depreciation               | <u>11,647,684</u>   | <u>826,070</u>      | <u>3,261</u>        | <u>-0-</u>            | <u>12,470,493</u>    |
| Total depreciable capital assets       | \$ <u>3,960,914</u> | \$ <u>(366,126)</u> | \$ <u>-0-</u>       | \$ <u>9,425,457</u>   | \$ <u>13,020,245</u> |
| Right-of-use capital assets            |                     |                     |                     |                       |                      |
| Equipment                              | \$ <u>289,018</u>   | \$ <u>-0-</u>       | \$ <u>-0-</u>       | \$ <u>-0-</u>         | \$ <u>289,018</u>    |
| Total right-of-use capital assets      | 289,018             | -0-                 | -0-                 | -0-                   | 289,018              |
| Accumulated amortization               | <u>69,648</u>       | <u>182,989</u>      | <u>-0-</u>          | <u>-0-</u>            | <u>252,637</u>       |
| Total right-of-use capital assets, net | \$ <u>219,370</u>   | \$ <u>(182,989)</u> | \$ <u>-0-</u>       | \$ <u>-0-</u>         | \$ <u>36,381</u>     |



CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 5 - CAPITAL ASSETS (Continued)

The following is a summary of capital assets and related accumulated depreciation at March 31:

|                                        | <u>2023</u>         | <u>Additions</u>    | <u>Dispositions</u> | <u>Transfers</u>    | <u>2024</u>         |
|----------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Nondepreciable capital assets          |                     |                     |                     |                     |                     |
| Land                                   | \$ 113,989          | \$ -0-              | \$ -0-              | \$ -0-              | \$ 113,989          |
| Construction in progress               | 1,025,376           | 5,130,824           | -0-                 | (362,133)           | 5,794,067           |
| Minor equipment                        | <u>42,507</u>       | <u>-0-</u>          | <u>-0-</u>          | <u>-0-</u>          | <u>42,507</u>       |
| Total nondepreciable capital assets    | \$ <u>1,181,872</u> | \$ <u>5,130,824</u> | \$ <u>-0-</u>       | \$ <u>(362,133)</u> | \$ <u>5,950,563</u> |
| Depreciable capital assets             |                     |                     |                     |                     |                     |
| Land improvements                      | \$ 66,522           | \$ 50,224           | \$ -0-              | \$ 362,133          | \$ 478,879          |
| Buildings                              | 8,166,600           | 23,995              | 29,800              | -0-                 | 8,160,795           |
| Furniture and equipment                | <u>6,901,371</u>    | <u>67,553</u>       | <u>-0-</u>          | <u>-0-</u>          | <u>6,968,924</u>    |
| Total depreciable capital assets       | 15,134,493          | 141,772             | 29,800              | 362,133             | 15,608,598          |
| Accumulated depreciation               | <u>10,971,358</u>   | <u>706,126</u>      | <u>29,800</u>       | <u>-0-</u>          | <u>11,647,684</u>   |
| Total depreciable capital assets       | \$ <u>4,163,135</u> | \$ <u>(564,354)</u> | \$ <u>-0-</u>       | \$ <u>362,133</u>   | \$ <u>3,960,914</u> |
| Right-of-use capital assets            |                     |                     |                     |                     |                     |
| Equipment                              | \$ <u>41,942</u>    | \$ <u>268,256</u>   | \$ <u>21,180</u>    | \$ <u>-0-</u>       | \$ <u>289,018</u>   |
| Total right-of-use capital assets      | 41,942              | 268,256             | 21,180              | -0-                 | 289,018             |
| Accumulated amortization               | <u>22,827</u>       | <u>68,001</u>       | <u>21,180</u>       | <u>-0-</u>          | <u>69,648</u>       |
| Total right-of-use capital assets, net | \$ <u>19,115</u>    | \$ <u>200,255</u>   | \$ <u>-0-</u>       | \$ <u>-0-</u>       | \$ <u>219,370</u>   |

NOTE 6 - ASSETS LIMITED AS TO USE

The following assets are limited as to use as designated below:

|                                    | <u>2025</u>       | <u>2024</u>         |
|------------------------------------|-------------------|---------------------|
| <u>Restricted by third-parties</u> |                   |                     |
| Unredeemed coupons                 | \$ 65,123         | \$ 65,123           |
| Bond sinking fund                  | 251,422           | 251,106             |
| Revenue bonds                      | <u>816</u>        | <u>1,278,068</u>    |
| Total assets limited as to use     | \$ <u>317,361</u> | \$ <u>1,594,297</u> |

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

**NOTE 7 - COMPENSATED ABSENCES**

Employees of the Hospital are entitled to paid days off and sick days depending on length of service. The Hospital recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, three types of leave for liability recognition for compensated absences are – vacation, holiday and sick leave. The liability for compensated absences includes salary-related benefits.

Vacation – the Hospital's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Holiday – the Hospital's policy permits employees to accumulate earned but unused holiday benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick leave – the Hospital's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave employment of the Hospital and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

A summary of compensated absences at March 31, follows:

|                            | <u>2024</u>         | <u>Net Change</u> | <u>2025</u>         | <u>Due Within<br/>One Year</u> |
|----------------------------|---------------------|-------------------|---------------------|--------------------------------|
| Vacation                   | \$ 893,768          | \$ 111,689        | \$ 1,005,457        | \$ 349,827                     |
| Holiday                    | -0-                 | 80,977            | 80,977              | 80,977                         |
| Sick leave                 | <u>236,727</u>      | <u>(5,184)</u>    | <u>231,543</u>      | <u>161,393</u>                 |
| Revenue Bonds, Series 2023 | \$ <u>1,130,495</u> | \$ <u>187,482</u> | \$ <u>1,317,977</u> | \$ <u>592,197</u>              |

**NOTE 8 - LEASE LIABILITY**

A summary of the changes in lease liability obligations as of March 31 follows:

|                             | <u>2024</u>       | <u>Additions</u> | <u>Payments</u>   | <u>2025</u>      | <u>Due Within<br/>One Year</u> |
|-----------------------------|-------------------|------------------|-------------------|------------------|--------------------------------|
| Equipment Lease Liabilities | \$ <u>236,644</u> | \$ <u>-0-</u>    | \$ <u>183,025</u> | \$ <u>53,619</u> | \$ <u>50,542</u>               |

|                             | <u>2023</u>      | <u>Additions</u>  | <u>Payments</u>  | <u>2024</u>       | <u>Due Within<br/>One Year</u> |
|-----------------------------|------------------|-------------------|------------------|-------------------|--------------------------------|
| Equipment Lease Liabilities | \$ <u>20,171</u> | \$ <u>268,256</u> | \$ <u>51,783</u> | \$ <u>236,644</u> | \$ <u>183,026</u>              |

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 8 - LEASE LIABILITY (Continued)

The following are the terms and due dates of the Hospital's lease liability obligations at March 31:

- Various lease liability obligations for equipment at imputed interest rates of 5.00% with total monthly payments ranging from \$253 to \$15,500 through November 22, 2026.

Scheduled principal and interest payments on lease liability obligations are as follows:

| <u>Years Ending<br/>March 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|-----------------------------------|------------------|-----------------|------------------|
| 2026                              | \$ 50,542        | \$ 659          | \$ 51,201        |
| 2027                              | <u>3,077</u>     | <u>58</u>       | <u>3,135</u>     |
| Total                             | \$ <u>53,619</u> | \$ <u>717</u>   | \$ <u>54,336</u> |

NOTE 9 - LONG-TERM DEBT

A summary of long-term debt including revenue bonds, at March 31, follows:

|                            | <u>2024</u>         | <u>Additions</u> | <u>Payments</u>   | <u>2025</u>         | <u>Due Within<br/>One Year</u> |
|----------------------------|---------------------|------------------|-------------------|---------------------|--------------------------------|
| Revenue Bonds, Series 2023 | \$ <u>4,603,000</u> | \$ <u>-0-</u>    | \$ <u>445,000</u> | \$ <u>4,158,000</u> | \$ <u>461,000</u>              |

|                            | <u>2023</u>   | <u>Additions</u>    | <u>Payments</u>   | <u>2024</u>         | <u>Due Within<br/>One Year</u> |
|----------------------------|---------------|---------------------|-------------------|---------------------|--------------------------------|
| Revenue Bonds, Series 2023 | \$ <u>-0-</u> | \$ <u>5,000,000</u> | \$ <u>397,000</u> | \$ <u>4,603,000</u> | \$ <u>445,000</u>              |

The following are the terms and due dates of the Hospital's long-term debt at March 31:

- Revenue Bond, Series 2023 at 3.425%, collateralized by pledge and dedication of hospital revenue, with principal payable in annual installments due November 1 and interest payable in semi-annual installments due May 1 and November 1 of each year commencing May 1, 2023.

The Hospital has covenanted to establish a Sinking Fund or "Debt Service Fund" with required deposits applied to the next payment of principal or interest on the bonds. All the funds are expected to be depleted at least once each Bond Year, except for a reasonable carryover amount not exceeding 1/12 of the principal and interest payments on the Bonds for the immediately preceding year.

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 9 - LONG-TERM DEBT (Continued)

Scheduled principal and interest payments on long-term debt follows:

| Years Ending<br>March 31, | Principal           | Interest          | Total               |
|---------------------------|---------------------|-------------------|---------------------|
| 2026                      | \$ 461,000          | \$ 142,412        | \$ 603,412          |
| 2027                      | 476,000             | 126,622           | 602,622             |
| 2028                      | 493,000             | 110,320           | 603,320             |
| 2029                      | 509,000             | 93,434            | 602,434             |
| 2030                      | 527,000             | 76,001            | 603,001             |
| 2031-2033                 | <u>1,692,000</u>    | <u>117,204</u>    | <u>1,809,204</u>    |
| Total                     | \$ <u>4,158,000</u> | \$ <u>665,993</u> | \$ <u>4,823,993</u> |

NOTE 10 - NET PATIENT SERVICE REVENUE

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Hospital is classified as a Medicare Dependent Hospital and has received \$622,500 and \$531,759, in additional reimbursement in 2025 and 2024, respectively. This classification and related additional reimbursement expires for discharges on and after September 30, 2025, without change in Medicare law. Swing bed routine services are reimbursed based on a prospectively determined rate per patient day based on clinical, diagnostic, and other factors. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through March 31, 2022.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Some outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been examined by the Medicaid fiscal intermediary through March 31, 2020.

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 10 - NET PATIENT SERVICE REVENUE (Continued)

The following is a summary of the Hospital's patient service revenue for the years ended March 31:

|                                                                        | <u>2025</u>          | <u>2024</u>          |
|------------------------------------------------------------------------|----------------------|----------------------|
| Medicare                                                               | \$ 8,890,818         | \$ 7,574,014         |
| Medicare managed care plans                                            | 6,871,695            | 6,268,557            |
| Medicaid and Medicaid managed care plans                               | 11,848,957           | 11,618,757           |
| Blue cross blue shield                                                 | 3,706,880            | 3,047,205            |
| Commercial                                                             | 4,807,778            | 4,257,772            |
| Uninsured                                                              | <u>1,885,731</u>     | <u>742,790</u>       |
| Gross charges                                                          | 38,011,859           | 33,509,095           |
| Less charges associated with charity patients                          | <u>(39,753)</u>      | <u>(39,742)</u>      |
| Gross patient service revenue                                          | 37,972,106           | 33,469,353           |
| Less deductions from revenue:                                          |                      |                      |
| Contractual adjustments                                                | (20,613,381)         | (17,950,212)         |
| Policy and other discounts                                             | <u>(85,168)</u>      | <u>(152,658)</u>     |
| Patient service revenue (net of contractual adjustments and discounts) | 17,273,557           | 15,366,483           |
| Less provision for bad debts                                           | <u>(1,064,878)</u>   | <u>(782,175)</u>     |
| Net Patient Service Revenue                                            | \$ <u>16,208,679</u> | \$ <u>14,584,308</u> |

As noted in the summary above, the Hospital's gross charges from the Medicare and Medicaid plans account for 73% and 76% of the total for the years ended March 31, 2025 and 2024, respectively.

The Hospital experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and its finalized amounts. These adjustments resulted in a decrease in net patient service revenue of \$75,100 and \$48,185 for 2025 and 2024, respectively. Cost reports thereafter remain subject to audit and changes in estimated settlements.

NOTE 11 - PROFESSIONAL LIABILITY RISK

The Hospital participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide medical professional liability coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the Hospital is at risk.

The fund places no limitation on the number of occurrences covered. In connection with the establishment of the PCF, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to \$100,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence.

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 11 - PROFESSIONAL LIABILITY RISK (Continued)

The Hospital's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for professional medical malpractice liability. The trust fund bills members in advance, based upon an estimate of their exposure. At policy year-end, premiums are redetermined utilizing actual losses of the Hospital. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has not included these allocations of income and equity amounts assigned to the Hospital by the Trust Fund in its financial statements.

NOTE 12 - EMPLOYEE MEDICAL BENEFIT PLAN

The Hospital is self-insured to provide group medical and drug coverage for its employees. The Hospital entered into an agreement on December 30, 2003, with a third-party administrator (90 Degree Benefits) to administer the plan. The plan year runs from December 1 through November 30. The Hospital funds its losses based on actual claims. A stop-loss insurance contract executed with a carrier provides for payment of 100% of claims in excess of \$55,000 per covered individual. A liability is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, and frequency of claims. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term.

The following is a summary of changes in the Hospital's claims liability for the year ended March 31:

|                                                                      | <u>2025</u>       | <u>2024</u>      |
|----------------------------------------------------------------------|-------------------|------------------|
| Beginning of the year                                                | \$ 33,065         | \$ -0-           |
| Plus: Claims incurred and changes in estimate,<br>net of reinsurance | 863,980           | 815,796          |
| Less: Claims paid                                                    | <u>759,544</u>    | <u>782,731</u>   |
| End of the year, included in accrued expenses                        | \$ <u>137,501</u> | \$ <u>33,065</u> |

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Hospital evaluates contingencies based upon the best available evidence. The Hospital believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the Hospital's estimates, future earnings will be charged or credited.

The principal contingencies are described below:

Governmental Third-Party Reimbursement Programs (Note 10) - The Hospital is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.



CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

Further, in order to continue receiving reimbursement from the Medicare program, the Hospital entered into an agreement with a government agent allowing the agent access to the Hospital's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the Hospital.

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations.

Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Professional Liability Risk (Note 11) - The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Hospital's insurance carrier.

Workers' Compensation Risk - The Hospital participates in the Louisiana Hospital Association Self-Insurance Workers' Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. The trust fund presumes to be a "Grantor Trust" and income and expenses are prorated to member hospitals. The Hospital has not included these allocations of income and equity amounts assigned to the Hospital by the Trust Fund in its financial statements.

NOTE 14 - RETIREMENT PLAN

Effective January 1, 2008, employees may participate in a qualified defined contribution retirement plan (exempt under Section 457(b) of the Internal Revenue Code). Each employee is eligible to contribute to the plan on the following quarter after completing ninety (90) days of employment and reaching the age of 21. Employees are immediately 100% vested in their contributions to the plan through a salary reduction agreement. In fiscal year 2025 and 2024, employees contributed \$430,243 and \$428,794, respectively.

Effective January 1, 2008, the Hospital began sponsoring a money purchase pension plan (exempt under Section 401(a) of the Internal Revenue Code). After one year of employment, the Hospital will contribute a 1% discretionary match of all participating eligible employees' salaries per pay period. In addition to this discretionary match, the Hospital contributes a match amount equal to the 457(b) employee deferral contribution up to a maximum of 5% of compensation for participating employees. The employee will be 100% vested after three years of eligibility. In fiscal year 2025 and 2024, the Hospital contributed \$325,288 and \$333,552, respectively.

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 14 - RETIREMENT PLAN (Continued)

The Hospital's forfeiture policy is to notify Security Benefit who moves the forfeited funds into a forfeiture account. The forfeited funds are then subtracted from the employer amount due to the plan at next payroll date. In fiscal years 2025 and 2024, forfeitures of \$-0- and \$3,198, occurred, respectively. Security Benefit administers the above plans. The Board of Commissioners adopted these plans and may change the terms of the plans to improve administration and can, at their discretion, increase or decrease the contribution percentages.

NOTE 15 - CHARITY CARE

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of charity care or owe a reduced "sliding scale" amount based on the patient's level of income in comparison to the Federal Poverty Guidelines based on a 200% scale. Accordingly, the Hospital does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies, and other operating expenses. The costs of caring for charity care patients were approximately \$23,653 and \$23,650, for the years ended March 31, 2025 and 2024, respectively.

NOTE 16 - COOPERATIVE ENDEAVOR AGREEMENT

The Hospital has agreed to a cooperative endeavor (CEA) with other like-minded Louisiana hospitals, per Louisiana's Rural Hospital Preservation Act. The intent of this agreement is to pool hospital resources across the State to support access to healthcare in rural Louisiana. Under the CEA, the District deposits an amount, determined annually by the Rural Hospital Coalition (RHC), into an account, from which RHC is permitted to withdraw the funds and make distributions to participating hospitals using a predetermined formula. Although the payments are formulaic in nature, they are not guaranteed, nor are they directly related to Medicaid reimbursement for the provisions of goods and healthcare services to patients. Accordingly, the deposits made by the Hospital to RHC were more than the amount received by the Hospital under this program, resulting in a net amount of \$401,078 for the year ended March 31, 2024. This was recorded as an expense call Access to Care. For the year ended March 31, 2025, the deposits made by the Hospital to RHC were less than the amounts received by the Hospital under this program resulting in a net amount of \$344,562. This was recorded as other revenue called Access to Care.

NOTE 17 - MEDICAID SUPPLEMENTAL PAYMENTS

For state fiscal year (SFY) 2023 and 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 (DPP). Annually thereafter, LDH must submit the assumptions to CMS for approval in future years. The basis for interim supplemental payments is the Hospital's historical paid claims and other factors. In future state fiscal years, actual paid claims and other factors will be used to reconcile interim payments to final settled DPP amounts. LDH anticipates increasing or decreasing future DPP payments by the reconciliation amounts. The



CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 17 - MEDICAID SUPPLEMENTAL PAYMENTS (Continued)

Hospital has recognized approximately \$1,721,000 and \$2,482,000 for the years ended March 31, 2025 and 2024, respectively, as Medicaid supplemental income after consideration was given for future adjustments which the Hospital determined necessary. To the extent income recognized in the current period differs from actual results, Medicaid supplemental income will be adjusted.

The Hospital 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 2025, the Hospital received approximately \$238,000 in Medicaid supplemental payments of which approximately \$95,000 was submitted to LDH as an IGT. In fiscal year 2024, the Hospital received approximately \$194,000 in Medicaid supplemental payments of which approximately \$77,000 was submitted to LDH as an IGT.

NOTE 18 - SALES TAX REVENUE

On April 2, 1977, the voters of the District passed a perpetual one percent sales tax. The sales tax collection is for the purposes of "constructing, acquiring, extending, improving, maintaining and/or operating a hospital for the parish and acquiring the necessary land, equipment, and furnishings therefore". Sales tax revenue is approximately 6% and 7% of the total revenues in fiscal years 2025 and 2024, respectively.

NOTE 19 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued, September 24, 2025, and no material events occurred that requires disclosure.

No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

NOTE 20 - CHANGE IN METHOD OF ACCOUNTING FOR COMPENSATED ABSENCES

|                                   | 2024<br>As Previously<br>Reported | Restatement -<br>GASB 101<br>implementation | 2024<br>As Restated |
|-----------------------------------|-----------------------------------|---------------------------------------------|---------------------|
| Accrued expenses                  | \$ 1,606,410                      | \$ (811,484)                                | \$ 794,926          |
| Compensated absences (short-term) | \$ -0-                            | \$ 474,248                                  | \$ 474,248          |
| Compensated absences (long-term)  | \$ -0-                            | \$ 656,247                                  | \$ 656,247          |
| Net position (unrestricted)       | \$ 19,260,846                     | \$ (319,011)                                | \$ 18,941,835       |
| Salaries                          | \$ 9,270,824                      | \$ 28,555                                   | \$ 9,299,379        |
| Benefits and payroll taxes        | \$ 1,754,505                      | \$ 7,480                                    | \$ 1,761,985        |

CITIZENS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 21 - COMMISSIONERS

The following commissioners served Citizens Medical Center without compensation during the year ended March 31, 2025:

Ms. Barbara Davis  
Ms. Mary Norris  
Mr. Charles Esters  
Mr. Louis Champagne  
Ms. Kem Gay

## SUPPLEMENTARY INFORMATION

CITIZENS MEDICAL CENTER  
SCHEDULES OF NET PATIENT SERVICE REVENUE  
YEARS ENDED MARCH 31,

|                              | <u>2025</u>         | <u>2024</u>         |
|------------------------------|---------------------|---------------------|
| Routine Services:            |                     |                     |
| Adult and pediatric          | \$ <u>1,889,000</u> | \$ <u>1,501,000</u> |
| Total Routine Services       | <u>1,889,000</u>    | <u>1,501,000</u>    |
| Other Professional Services: |                     |                     |
| Operating room               |                     |                     |
| Inpatient                    | 64,888              | 50,441              |
| Outpatient                   | <u>766,402</u>      | <u>673,817</u>      |
| Total                        | <u>831,290</u>      | <u>724,258</u>      |
| Anesthesia                   |                     |                     |
| Inpatient                    | 29,423              | 29,517              |
| Outpatient                   | <u>269,672</u>      | <u>253,426</u>      |
| Total                        | <u>299,095</u>      | <u>282,943</u>      |
| Radiology                    |                     |                     |
| Inpatient                    | 968,721             | 823,810             |
| Outpatient                   | <u>8,726,331</u>    | <u>7,253,567</u>    |
| Total                        | <u>9,695,052</u>    | <u>8,077,377</u>    |
| Laboratory                   |                     |                     |
| Inpatient                    | 812,866             | 732,612             |
| Outpatient                   | <u>4,997,716</u>    | <u>4,428,428</u>    |
| Total                        | <u>5,810,582</u>    | <u>5,161,040</u>    |
| IV solutions                 |                     |                     |
| Inpatient                    | -0-                 | 162                 |
| Outpatient                   | <u>-0-</u>          | <u>1,728</u>        |
| Total                        | \$ <u>-0-</u>       | \$ <u>1,890</u>     |

CITIZENS MEDICAL CENTER  
SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)  
YEARS ENDED MARCH 31,

|                     | <u>2025</u>         | <u>2024</u>         |
|---------------------|---------------------|---------------------|
| Respiratory therapy |                     |                     |
| Inpatient           | \$ 210,801          | \$ 174,362          |
| Outpatient          | <u>131,510</u>      | <u>137,595</u>      |
| Total               | <u>342,311</u>      | <u>311,957</u>      |
| EKG                 |                     |                     |
| Inpatient           | 193,103             | 152,822             |
| Outpatient          | <u>522,147</u>      | <u>486,099</u>      |
| Total               | <u>715,250</u>      | <u>638,921</u>      |
| Central supply      |                     |                     |
| Inpatient           | 368,628             | 357,027             |
| Outpatient          | <u>1,147,327</u>    | <u>982,243</u>      |
| Total               | <u>1,515,955</u>    | <u>1,339,270</u>    |
| Pharmacy            |                     |                     |
| Inpatient           | 1,221,494           | 1,228,758           |
| Outpatient          | <u>1,398,112</u>    | <u>1,315,414</u>    |
| Total               | <u>2,619,606</u>    | <u>2,544,172</u>    |
| Emergency room      |                     |                     |
| Inpatient           | 330,619             | 289,417             |
| Outpatient          | <u>4,952,937</u>    | <u>4,986,341</u>    |
| Total               | <u>5,283,556</u>    | <u>5,275,758</u>    |
| Observation room    |                     |                     |
| Inpatient           | 295,625             | 284,006             |
| Outpatient          | <u>1,176,781</u>    | <u>1,132,880</u>    |
| Total               | <u>1,472,406</u>    | <u>1,416,886</u>    |
| Rural health clinic |                     |                     |
| Outpatient          | \$ <u>6,678,026</u> | \$ <u>4,911,500</u> |

CITIZENS MEDICAL CENTER  
SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)  
YEARS ENDED MARCH 31,

|                                                                           | <u>2025</u>          | <u>2024</u>          |
|---------------------------------------------------------------------------|----------------------|----------------------|
| Columbia Medical Clinic<br>Outpatient                                     | \$ <u>430,858</u>    | \$ <u>888,388</u>    |
| Hospitalist<br>Inpatient                                                  | <u>428,872</u>       | <u>433,735</u>       |
| Total Other Professional Services                                         | <u>36,122,859</u>    | <u>32,008,095</u>    |
| Gross Charges                                                             | 38,011,859           | 33,509,095           |
| Less charges associated with charity patients                             | <u>39,753</u>        | <u>39,742</u>        |
| Gross Patient Service Revenue                                             | 37,972,106           | 33,469,353           |
| Deductions from revenue:                                                  |                      |                      |
| Medicare and Medicaid contractual allowances                              | 11,659,077           | 10,212,872           |
| Other contractual allowances                                              | 8,954,304            | 7,737,340            |
| Policy and other discounts                                                | <u>85,168</u>        | <u>152,658</u>       |
| Patient service revenue (net of contractual<br>adjustments and discounts) | 17,273,557           | 15,366,483           |
| Less provision for bad debt                                               | <u>1,064,878</u>     | <u>782,175</u>       |
| Net patient service revenue less provision<br>for bad debt                | \$ <u>16,208,679</u> | \$ <u>14,584,308</u> |

CITIZENS MEDICAL CENTER  
SCHEDULES OF OTHER OPERATING REVENUE  
YEARS ENDED MARCH 31

|                                   | <u>2025</u>             | <u>2024</u>           |
|-----------------------------------|-------------------------|-----------------------|
| Cafeteria sales                   | \$ 64,917               | \$ 59,239             |
| Medical records abstract fees     | 10,012                  | 6,672                 |
| 340B revenue                      | 1,280,914               | -0-                   |
| Miscellaneous                     | <u>96,195</u>           | <u>93,849</u>         |
| <br>Total Other Operating Revenue | <br>\$ <u>1,452,038</u> | <br>\$ <u>159,760</u> |



CITIZENS MEDICAL CENTER  
SCHEDULES OF OPERATING EXPENSES – SALARIES AND BENEFITS  
YEARS ENDED MARCH 31,

|                                  | <u>2025</u>              | <u>2024</u>              |
|----------------------------------|--------------------------|--------------------------|
| Administrative and general       | \$ 1,176,857             | \$ 1,103,811             |
| Plant operations and maintenance | 66,723                   | 66,134                   |
| Housekeeping                     | 216,241                  | 191,276                  |
| Dietary and cafeteria            | 181,766                  | 192,381                  |
| Central supply                   | 46,854                   | 32,825                   |
| Pharmacy                         | 298,967                  | 321,306                  |
| Medical records                  | 120,376                  | 114,321                  |
| Nursing services                 | 1,440,471                | 1,551,802                |
| Operating room                   | 218,082                  | 249,028                  |
| Anesthesiology                   | 209,518                  | 204,222                  |
| Radiology                        | 507,433                  | 435,443                  |
| Laboratory                       | 781,812                  | 734,102                  |
| Respiratory care                 | 259,222                  | 252,931                  |
| Emergency room                   | 726,362                  | 627,249                  |
| Rural health clinic              | 3,684,919                | 2,943,826                |
| Columbia Medical                 | <u>132,909</u>           | <u>278,722</u>           |
| <br>Total Salaries               | <br><u>10,068,512</u>    | <br><u>9,299,379</u>     |
| <br>Payroll taxes                | <br>670,570              | <br>612,637              |
| Health insurance                 | 863,980                  | 815,796                  |
| Retirement                       | <u>325,288</u>           | <u>333,552</u>           |
| <br>Total Benefits               | <br><u>1,859,838</u>     | <br><u>1,761,985</u>     |
| <br>Total Salaries and Benefits  | <br>\$ <u>11,928,350</u> | <br>\$ <u>11,061,364</u> |

CITIZENS MEDICAL CENTER  
SCHEDULES OF OPERATING EXPENSES – PROFESSIONAL FEES  
YEARS ENDED MARCH 31,

|                             | <u>2025</u>             | <u>2024</u>             |
|-----------------------------|-------------------------|-------------------------|
| Nursing service             | \$ 500                  | \$ 3,650                |
| Radiology                   | 262,375                 | 276,895                 |
| Laboratory                  | 268,648                 | 212,107                 |
| Emergency room              | 2,386,868               | 2,378,501               |
| Rural health clinic         | 535,189                 | 10,000                  |
| Columbia Medical            | <u>381,463</u>          | <u>525,188</u>          |
| <br>Total Professional Fees | <br>\$ <u>3,835,043</u> | <br>\$ <u>3,406,341</u> |

CITIZENS MEDICAL CENTER  
SCHEDULES OF OPERATING EXPENSES – OTHER EXPENSES  
YEARS ENDED MARCH 31,

|                                      | <u>2025</u>             | <u>2024</u>             |
|--------------------------------------|-------------------------|-------------------------|
| Miscellaneous service fees           | \$ 341,287              | \$ 307,144              |
| Legal and accounting                 | 162,421                 | 147,036                 |
| Supplies                             | 397,590                 | 389,229                 |
| Repairs and maintenance              | 524,355                 | 411,343                 |
| Utilities                            | 247,937                 | 200,769                 |
| Telephone                            | 52,264                  | 45,037                  |
| Travel                               | 15,847                  | 17,523                  |
| Rentals                              | 25,687                  | 21,119                  |
| Education                            | 30,487                  | 24,551                  |
| Dues and subscriptions               | 215,305                 | 138,174                 |
| Intergovernmental fee                | 96,205                  | 76,916                  |
| Intergovernmental administrative fee | 12,958                  | 10,308                  |
| Access to Care payments              | 116,866                 | 401,078                 |
| 340B fees                            | 467,389                 | -0-                     |
| Recruitment and advertising          | 245,980                 | 184,049                 |
| Miscellaneous                        | <u>108,102</u>          | <u>175,717</u>          |
| <br>Total Other Expenses             | <br>\$ <u>3,060,680</u> | <br>\$ <u>2,549,993</u> |

CITIZENS MEDICAL CENTER  
SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER  
YEAR ENDED MARCH 31, 2025

Agency Head Name:

Steve Barbo

Position:

Chief Executive Officer

Time Period:

April 1, 2024 through March 31, 2025

| <u>Purpose</u>                         | <u>Amount</u> |
|----------------------------------------|---------------|
| Salary                                 | 242,229       |
| Health insurance                       | 3,113         |
| Retirement                             | 14,002        |
| Car allowance                          | -0-           |
| Vehicle provided by government         | -0-           |
| Per diem                               | -0-           |
| Reimbursements                         | -0-           |
| Travel                                 | 999           |
| Registration fees                      | -0-           |
| Conference travel                      | -0-           |
| Continuing professional education fees | -0-           |
| Housing                                | -0-           |
| Cell phone                             | 617           |
| Special meals                          | -0-           |



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Bobby G. Lester, CPA  
(1949-2023)

### INDEPENDENT AUDITORS' 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  
Hospital Service District No. 1  
Parish of Caldwell  
Columbia, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hospital Service District No. 1, Parish of Caldwell ("the Hospital"), a component unit of the Caldwell Parish Police Jury, as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents, and have issued our report thereon dated September 24, 2025.

#### Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a significant deficiency.

### **Report on Compliance and Other Matters**

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

### **The Hospital's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Hospital's response to the findings identified in our audit as described in the accompanying schedule of findings and questioned costs. The Hospital'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and the use of the Board of Commissioners, management, and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

*Luster, Miller & Wells*

Certified Public Accountants  
Alexandria, Louisiana

September 24, 2025



CITIZENS MEDICAL CENTER  
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MARCH 31, 2025

**Section I. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unmodified opinion

Internal control over financial reporting:

- Material weaknesses identified – Yes
- Significant deficiencies identified – Yes

Compliance:

- Noncompliance issues noted – No

Management letter issued – No

Federal Awards – N/A

**Section II. Financial Statement Findings**

**FINDING 2025-001 - Third-Party Payor Settlements**

**Criteria:** Accrual basis accounting should include revenues and receivables when earned rather than when received.

**Condition:** Management did not record an estimate for the current year Medicare and Louisiana Medicaid cost report settlements.

**Cause:** Management considered the cost of calculating an estimated cost report settlement to be in excess of the benefit.

**Effect:** Because an estimated cost report settlement for the current fiscal year was not recorded, the receivables were materially understated at year-end by approximately \$178,000 and net patient service revenue was understated by approximately \$178,000.

**Recommendation:** Management should calculate and record settlements based on interim cost report calculations, if the cost does not exceed the benefits.

**Response:** Management has considered the recommendation and concluded that the implementation cost is greater than the benefit derived from correcting the control deficiency. It is more efficient and cost effective for external cost report preparers to prepare the cost reports at year-end. Management will record differences between interim payments and actual cost report settlements. These differences will be charged against income in future periods when determinable. The Chief Financial Officer (CFO) will review interim adjustments on a monthly basis and ensure that all third-party payor settlements are recorded to correct general ledger accounts.



CITIZENS MEDICAL CENTER  
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MARCH 31, 2025

**FINDING 2025-002 - Segregation of Duties**

**Criteria:** There should be a complete segregation of duties in all accounting, recording and custody functions.

**Condition:** Due to limited staffing with the technical skills to perform these duties, there is not a complete segregation of duties in all accounting, recording and custody functions.

**Cause:** Hospital is small and cannot afford to pay salaries for staff to have a complete segregation of duties.

**Effect:** Fraud could occur without internal controls detecting it on a timely basis.

**Recommendation:** We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes: 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

**Response:** Due to size of our organization, and the abilities of our current staff, management will continue to closely supervise and review the personnel assigned to the accounting, recording, and custody functions. Steve Barbo, CEO and Patty Laird, CFO, will continue to monitor these tasks daily.

**Section III. Federal Award Findings**

Not applicable

**Section IV. Management Letter**

Not applicable





CITIZENS MEDICAL CENTER  
AUDITORS' SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MARCH 31, 2025

**Section I. Financial Statement Findings**

**FINDING 2024-001 - Third-Party Payor Settlements**

**Fiscal Year Initially Reported: March 31, 2016**

**Finding:** Estimates of third-party payor cost settlements were not calculated or recorded on an interim basis.

**Recommendation:** Management should continue to adjust the settlements based on interim cost report calculations and consider the results in relation to other factors that occur that may impact the estimates.

**Response:** Management has considered the recommendation and concluded that the implementation cost is greater than the benefit derived from correcting the control deficiency. As it is impracticable for management to make such estimates, differences between interim payments and future cost report settlements will be charged to or against income in future periods when determinable.

**Resolution:** Not resolved - See Finding 2025-001

**FINDING 2024-002 - Segregation of Duties**

**Fiscal Year Initially Reported: March 31, 2008**

**Finding:** Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions.

**Recommendation:** We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes: 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

**Response:** Due to limited staffing with the technical skills to perform these duties, management feels that close supervision of the personnel assigned to those tasks is the preferred solution. Steve Barbo, CEO and Patty Laird, CFO, will continue to monitor these tasks on a daily basis.

**Resolution:** Not resolved - See Finding 2025-002

**Section II. Federal Award Findings**

Not applicable

**Section III. Management Letter**

Not applicable





CITIZENS MEDICAL CENTER  
INDEPENDENT AUDITORS' REPORT  
ON APPLYING AGREED UPON  
PROCEDURES

FOR THE YEAR ENDED  
MARCH 31, 2025



**LESTER, MILLER & WELLS**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS





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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period April 01, 2024 through March 31, 2025. The Hospital Service District No. 1, Parish of Caldwell, State of Louisiana, d/b/a Citizens Medical Center's (the "Hospital") management is responsible for those C/C areas identified in the SAUPs.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period April 01, 2024 through March 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings 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 meet 2 (two) of the 12 (twelve) months during the fiscal year ended March 31, 2025.

## **2) Bank Reconciliations**

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

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

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



Board of Commissioners  
of Hospital Service District No. 1  
of the Parish of Caldwell  
and the Louisiana Legislative Auditor

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

*Lester, Miller & Wells*

Certified Public Accountants  
Alexandria, Louisiana

July 9, 2025



