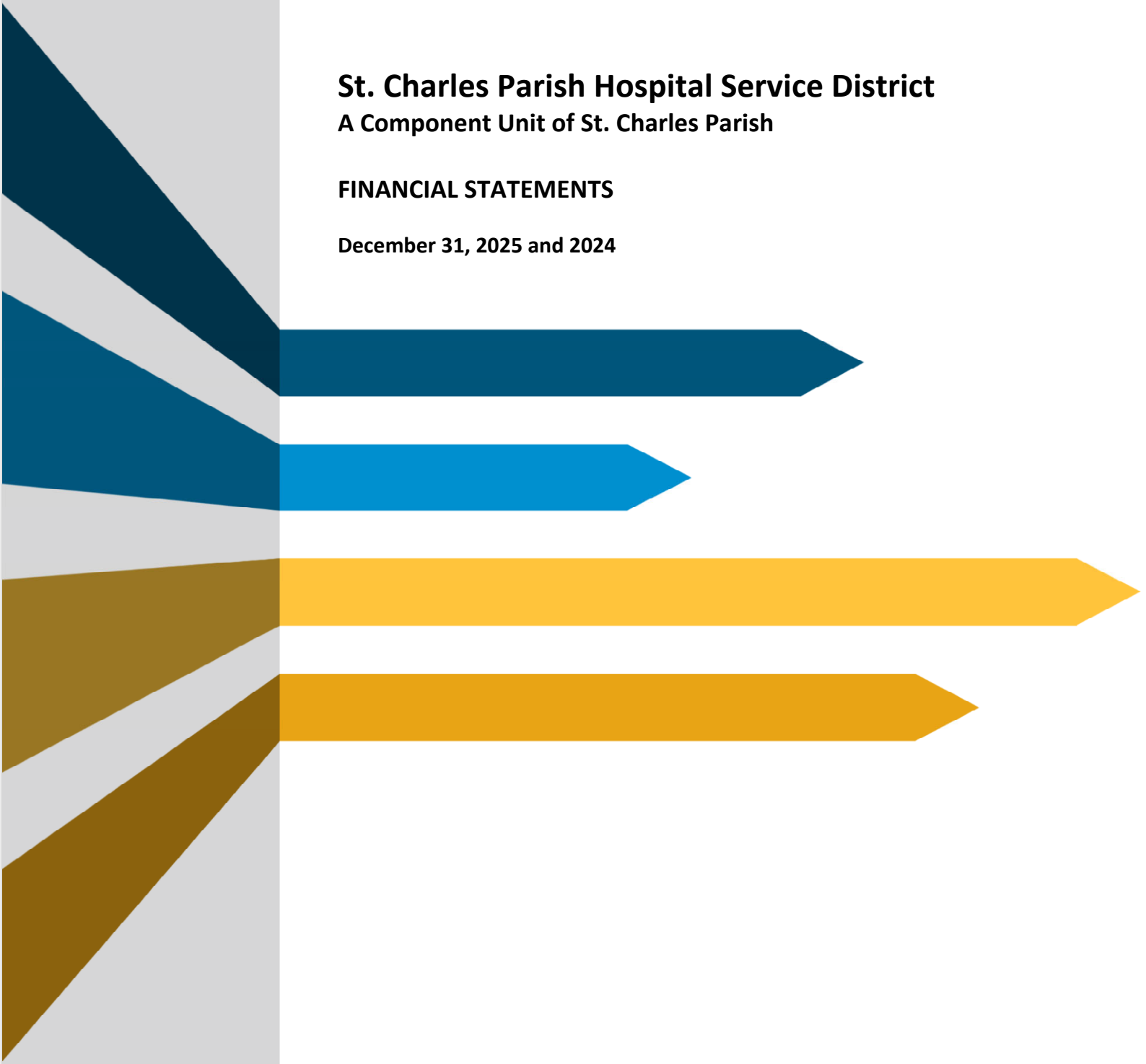
St. Charles Parish Hospital Service District

A Component Unit of St. Charles Parish

FINANCIAL STATEMENTS

December 31, 2025 and 2024



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REPORT

CARR, RIGGS & INGRAM, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
St. Charles Parish Hospital Service District
Luling, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Charles Parish Hospital Service District (the Hospital), a component unit of St. Charles Parish, as of and for the years ended December 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 St. Charles Parish Hospital Service District (the Hospital), as of December 31, 2025 and 2024, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Management has omitted Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, the schedule of board of commissioners and compensation, the schedule of bonds and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head, the schedule of board of commissioners and compensation, the schedule of bonds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana
June 26, 2026

FINANCIAL STATEMENTS

St. Charles Parish Hospital Service District
Statements of Net Position

As of December 31,	**2025**	2024
Assets and Deferred Outflow of Resources		
Current assets		
Cash and cash equivalents	**$ 43,158,222**	$ 36,224,943
Receivables:		
Patient accounts receivable, net of estimated uncollectibles and allowances of $21,911,005 in 2025 and $20,529,585 in 2024	**6,342,671**	5,792,039
Ad valorem receivable	**10,460,667**	10,342,773
MCIP receivable	**2,000,001**	2,573,533
DPP receivable	**3,947,223**	-
Government grant receivable	**1,607,393**	-
Current portion of lease receivables	**1,641,390**	1,368,484
Other receivables	**12,560**	10,363
Restricted cash - debt service	**6,562,171**	5,848,797
Inventory	**1,552,638**	1,055,162
Prepaid expenses	**919,594**	1,151,655
Total current assets	**78,204,530**	64,367,749
Noncurrent assets		
Cash and cash equivalents whose use is limited:		
By indenture agreeement for debt service	**6,562,171**	5,848,797
By indenture agreement for capital acquisition	**4,764,826**	6,573,842
Total assets whose use is limited	**11,326,997**	12,422,639
Less: amounts required to meet current obligations	**(6,562,171)**	(5,848,797)
Total noncurrent assets whose use is limited	**4,764,826**	6,573,842
Capital assets, net	**45,850,418**	47,241,918
Long-term portion of lease receivables	**3,878,457**	2,349,434
Total assets	**132,698,231**	120,532,943
Deferred outflow of resources		
Deferred outflow - bond refundings	**-**	6,342
Total assets and deferred outflow of resources	**$ 132,698,231**	$ 120,539,285

(Continued)

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

St. Charles Parish Hospital Service District
Statements of Net Position

As of December 31,	**2025**	2024
Liabilities, Deferred Inflow of Resources, and Net Position		
Current liabilities		
Accounts payable	**$ 13,052,635**	$ 1,602,535
Due to Hospital manager	**5,431,298**	12,277,833
Accrued salaries and benefits	**1,351,260**	1,459,964
Accrued interest payable	**169,589**	210,653
Estimated third-party payer settlements	**225,863**	1,032,769
Short-term debt	**-**	491,924
Current maturities of long-term debt	**6,193,662**	6,135,246
Current portion of lease obligation	**236,167**	182,944
Deferred revenue	**-**	192,113
Other liabilities and accrued expenses	**308,084**	120,508
Total current liabilities	**26,968,558**	23,706,489
Long-term debt and other liabilities		
Long-term debt, net of current maturities	**32,188,727**	38,392,530
Long-term portion of lease obligation	**320,841**	416,882
Lease deposits	**159,594**	20,202
Total long-term debt and other liabilities	**32,669,162**	38,829,614
Total liabilities	**59,637,720**	62,536,103
Deferred inflow of resources		
Leases	**5,187,749**	3,447,305
Net position		
Net investment in capital assets	**11,749,561**	8,770,868
Restricted		
Expendable for:		
Debt service	**6,562,171**	5,848,797
Unrestricted	**49,561,030**	39,936,212
Total net position	**67,872,762**	54,555,877
Total liabilities, deferred inflow of resources, and net position	**$ 132,698,231**	$ 120,539,285

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

St. Charles Parish Hospital Service District
Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended December 31,	**2025**	2024
Operating Revenue		
Net patient service revenues	**$ 77,197,824**	$ 69,727,343
MCIP revenue	**2,814,102**	3,057,073
Other operating revenues	**2,697,560**	2,577,080
Total operating revenues	**82,709,486**	75,361,496
Operating Expenses		
Salaries and wages	**14,335,639**	14,672,232
Employee benefits	**3,244,102**	2,828,957
Supplies and other	**21,096,788**	19,637,834
Purchased services	**6,701,816**	11,507,024
Medicaid program support	**31,000,000**	21,000,000
Depreciation and amortization	**5,607,053**	5,120,987
Total operating expenses	**81,985,398**	74,767,034
Operating income (loss)	**724,088**	594,462
Nonoperating Revenue (Expenses)		
Ad valorem taxes - maintenance	**5,506,473**	5,471,849
Ad valorem taxes - debt service	**5,108,558**	5,050,510
Gain/(loss) on disposal	**-**	(21,878)
Government grant income	**2,607,393**	542,915
Interest income	**531,087**	479,764
Gain on insurance proceeds	**15,664**	633,880
Interest expense	**(1,176,378)**	(1,379,310)
Total nonoperating revenue (expense)	**12,592,797**	10,777,730
Change in net position	**13,316,885**	11,372,192
Net position - beginning of year	**54,555,877**	43,183,685
Net position - end of year	**$ 67,872,762**	$ 54,555,877

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

St. Charles Parish Hospital Service District
Statements of Cash Flows

For the Years Ended December 31,	**2025**	2024
Operating Activities		
Revenue collected	**$ 77,783,947**	$ 74,023,668
Payments for supplies, services, and other operations	**(54,767,879)**	(53,454,336)
Payments to employees and for employee-related costs	**(17,688,445)**	(17,135,338)
Net cash provided by operating activities	**5,327,623**	3,433,994
Noncapital Financing Activities		
Ad valorem taxes - maintenance	**5,445,316**	5,622,530
Ad valorem taxes - debt service	**5,051,821**	5,189,588
Noncapital grants and contributions	**-**	542,915
Net cash provided by noncapital financing activities	**10,497,137**	11,355,033
Capital and Related Financing Activities		
Principal payments on general obligation bonds	**(3,955,000)**	(4,310,000)
Principal payments on limited tax bonds	**(1,875,000)**	(1,820,000)
Principal payment on other long-term debt	**(306,391)**	(289,925)
Principal payments on lease obligations	**(273,019)**	(306,048)
Receipts of lease deposits	**139,392**	-
Cash paid for interest on debt obligations	**(1,217,442)**	(1,422,558)
Capital grants and contributions	**1,000,000**	-
Proceeds from insurance	**15,664**	633,880
Proceeds from capital assets disposal	**-**	25,000
Purchase of capital assets (property, plant and equipment)	**(3,984,929)**	(4,273,177)
Net cash used in capital and related financing activities	**(10,456,725)**	(11,762,828)
Investing Activities		
Cash received as interest	**469,602**	498,082
Net cash provided by investing activities	**469,602**	498,082
Net increase in cash and cash equivalents	**5,837,637**	3,524,281
Cash and cash equivalents - beginning of year	**48,647,582**	45,123,301
Cash and cash equivalents - end of year	**$ 54,485,219**	$ 48,647,582

(Continued)

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

St. Charles Parish Hospital Service District
Statements of Cash Flows

For the Years Ended December 31,	**2025**	2024
Reconciliation of Cash to the Statement of Net Position		
Cash and cash equivalents	**$ 43,158,222**	$ 36,224,943
Restricted cash held for capital improvements	**4,764,826**	6,573,842
Restricted cash held for debt service	**6,562,171**	5,848,797
Cash and cash equivalents - end of year	**$ 54,485,219**	$ 48,647,582
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating (loss) income	**$ 724,088**	$ 594,462
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	**5,609,707**	5,091,572
Amortization of premium/discount on long term debt	**(2,654)**	29,415
Provision for bad debts	**2,802,305**	3,125,928
Changes in operating assets and liabilities:		
Patient accounts receivable	**(3,352,937)**	(1,916,983)
MCIP receivable	**573,532**	(1,583,533)
DPP receivable	**(3,947,223)**	-
Other receivable	**(2,197)**	18,649
Estimated third-party payer settlements	**(806,906)**	4,327,958
Inventory	**(497,476)**	(172,396)
Prepaid expenses	**(259,863)**	(251,825)
Accounts payable	**11,450,100**	(262,720)
Due to Hospital manager	**(6,849,612)**	(527,341)
Accrued salaries and benefits	**(108,704)**	365,851
Other accrued expenses	**187,576**	(95,196)
Deferred Revenue	**(192,113)**	192,113
Full Medicaid Payment Program payable	**-**	(5,501,960)
Net cash provided by operating activities	**$ 5,327,623**	$ 3,433,994
Supplemental Disclosures of Noncash Capital and Related Financing Activities		
Capital assets through lease modifications	**$ 230,201**	$ 196,247
Prepaid insurance through short-term debt	**$ -**	$ 1,604,381

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

Note 1: DESCRIPTION OF HOSPITAL

Reporting Entity

St. Charles Parish Hospital Service District (the Hospital), a special district and component unit of St. Charles Parish (the Parish), was formed for the purpose of operating St. Charles Parish Hospital, a non-profit community hospital established in 1956. The Board of Commissioners is the governing authority for the Hospital and is responsible for obtaining voter approval for the levy of tax or debt issuance, but all related Louisiana State Bond Commission approvals must be obtained through the Parish.

On September 1, 2014, the Hospital entered into a management agreement with a wholly-owned subsidiary of Ochsner Health System, to provide management, staff, and other assistance to operate the Hospital. This expanded affiliation enables the Hospital to further enhance existing clinical services while simultaneously improving resources, including operational efficiencies (see Note 18).

Blended Component Units

The Hospital follows the requirements under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34.* The financial statements of the Hospital include the accounts of the Hospital and its wholly owned component units, St. Charles Health Initiatives, Inc., St. Charles Hospital Continuum of Care Corporation, and Plantation View Medical Offices. The significant intercompany transactions and balances have been eliminated.

The St. Charles Hospital Continuum of Care Corporation (SCHCCC) was incorporated on August 10, 2006 with a subsequent name change to St. Charles Health Initiatives, Inc. (SCHII). SCHII is a non-profit hospital that principally provides housing, healthcare, and other related services to residents. SCHII maintains a shared governing board and receives funding through the Hospital Service District. Due to the level of control and the financial benefit/burden relationship with the Hospital that exists, SCHII is considered a blended component unit of the Hospital for accounting purposes. The operations of SCHII are included in the financial statements of the Hospital for the years ended December 31, 2025 and 2024**.**

St. Charles Hospital Services Corporation (the Corporation) is a non-profit entity that, while legally separate from the Hospital, is reported as if it were a part of the Hospital because of the presence of a shared governing body with the Hospital. As a component unit of the Hospital, the operations of the Corporation are included in the financial statements of the Hospital; however, the operations of the Corporation became dormant. During the year ended December 31, 2007, the Corporation changed its name to the St. Charles Hospital Continuum of Care Corporation after the SCHCCC mentioned above changed its name to St. Charles Health Initiatives, Inc. As a blended component unit of the Hospital, the operations of the Corporation are included in the financial statements of the Hospital for the years ended December 31, 2025 and 2024.

Note 1: DESCRIPTION OF HOSPITAL (Continued)

Blended Component Units (Continued)

On December 2, 2013, Plantation View Medical Offices (PVMO) was formed with St. Charles Parish Hospital being the sole member. PVMO was formed as a not-for-profit corporation for the purpose of building a medical office building on the east bank of St. Charles Parish. On January 13, 2014, PVMO received a donation of land that was appraised at $714,000. PVMO also secured financing in the amount of $14,700,000, to build the medical office building. The financing is a mixture of New Markets Tax Credits, a commercial loan, and a grant from the Hospital. Construction was substantially completed in March of 2016. As a blended component unit of the Hospital, the operations of PVMO are included in the financial statements of the Hospital for the years ended December 31, 2025 and 2024.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Hospital's financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America as prescribed by GASB. The GASB has issued Statement No. 35 (GASB 35), *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities* and GASB 39, *Determining Whether Certain Organizations Are Component Units*. The financial statement presentation required by these statements provides a comprehensive, entity-wide perspective of the Hospital's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows and replaces the fund-group perspective previously required.

For financial reporting purposes, the Hospital is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the financial statements have been presented using the *economic resources measurement focus* and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as operating revenues and operating expenses. All other activities are reported as non-operating activities. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements imposed by the provider have been met.

The Hospital's financial statements are prepared based on accounting principles applicable to governmental units as established by the GASB and the provisions of the American Institute of Certified Public Accountants, "Audit and Accounting Guide, Health Care Entities," to the extent that they do not conflict with GASB. SCHII, the Corporation, and PVMO also use the accrual method.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with maturities of three months or less, excluding amounts whose use is limited by board designation, other arrangements under trust agreements, or with third-party payers.

Assets Whose Use is Limited

Assets whose use is limited include cash restricted to pay indenture agreements. It also includes cash restricted in accordance with funds provided from indenture agreements to be used for capital improvements.

Patient Accounts Receivable, Net

Patient accounts receivable are reduced by estimated contractual and other adjustments and estimated uncollectible accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowances for third-party contractual and other adjustments and bad debt. Management reviews data about these major payer sources of revenue on a monthly basis in evaluating the sufficiency of the allowances. On a continuing basis, management analyzes delinquent receivables and writes them off against the allowance when deemed uncollectible. No interest is charged on patient accounts receivable balances.

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for contractual adjustments and, if necessary, a provision for bad debts (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with uninsured patients (also known as ‘self-pay’), which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The Hospital has not materially altered its accounts receivable and revenue recognition policies during fiscal year 2025 and did not have significant write-offs from third-party payers related to collectability in fiscal years 2025 or 2024.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Lease Receivables

The Hospital is a lessor for noncancellable leases. The Hospital recognizes a lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. Under the lease agreements, the Hospital may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Hospital uses the stated rate in the lease or its estimated incremental borrowing rate as the discount rate for the leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Hospital monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Inventory

Inventory, consisting primarily of pharmaceuticals and medical supplies, are stated using the average cost method or net realizable value, whichever is lower, using the first in, first out (FIFO) method. When evidence exists that the net realizable value of inventories is lower than its cost, the difference is recognized as a loss in the statement of revenues, expenses, and changes in net position in the period in which it occurs. The cost of such inventories is recorded as an expense when consumed rather than when purchased.

Prepaid Expenses

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and right-to-use lease assets are stated at cost on the date of acquisition. The Hospital's capitalization policy for assets includes all items with an initial individual cost greater than $1,000, except for intangible right-of-use lease assets. Gifts or contributions of capital assets, and assets received in a service concession arrangement, are recorded at acquisition value at the time received.

Depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the shorter of the useful life of the underlying asset or the lease term. Land and construction in progress are not depreciated.

The ranges of estimated useful lives for the various other capital asset categories are as follows:

Buildings and improvements	20 - 40 years
Leasehold improvements	5 - 15 years
Equipment	3 - 7 years
Vehicle	4 - 12 years
Software	1 - 3 years
Right of use assets	2 - 5 years
Land	not depreciated
Construction in Progress	not depreciated

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss, if any, is included in the statement of revenues, expenses and changes in net position.

Expenditures that materially increase values, change capacities, or extend useful lives of the respective assets are capitalized. Routine maintenance and repairs are charged to expense when incurred.

Long-Lived Assets Impairment

Long-lived assets are reviewed for impairment if circumstances suggest that there is a significant, unexpected decline in service utility of a long-lived asset. The service utility of a long-lived asset is the usable capacity that at acquisition was expected to be used to provide service. An assessment of recoverability is performed prior to any write-down of assets and an impairment charge is recorded on those assets for which the estimated fair value is below its carrying amount. Based on management's evaluations, no long-lived assets impairments were recognized during the years ended December 31, 2025 and 2024.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position reports 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 periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Hospital has one item that qualifies for reporting as deferred outflows of resources – deferred outflows on refunding debt. The deferred outflows on refunding debt resulted from a debt refinancing, whereby the reacquisition price of the funding debt instrument exceeded the net carrying amount. The deferred outflows on refunding debt is amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial 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 so will not be recognized as an inflow of resources (revenue) until that time.

The Hospital has one item that qualifies for reporting as deferred inflows of resources – deferred inflows related to leases. The deferred inflows of resources related to leases are associated with amounts owed to the Hospital as lessor and will be recognized in lease revenue in future reporting periods.

Compensated Absences

Employees accumulate general purpose time at varying rates according to years of service. Employees are immediately vested in accrued general purpose time when earned. Upon termination, all unused paid time off hours are paid to the employee at the employee's current rate of pay. Expense and the related liability are recognized as vacation benefits are earned, whether the employee is expected to realize the benefit as time off or in cash. The maximum number of hours that can be accrued for paid time off is 240 hours.

Accrued compensated absences, included as a component of accrued salaries and benefits on the Hospital's statements of net position, were $465,845 and $466,680 as of December 31, 2025 and 2024, respectively.

Cost of Borrowing

Premiums or discounts incurred in connection with the issuance of bonds are amortized over the life of the obligations using the effective interest method, and the unamortized amount is included in the balance of outstanding debt. Bond issuance costs are expensed in the period incurred, except for prepaid insurance costs.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Lease Obligations

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

Key estimates and judgments related to leases include how the Hospital determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) the lease payments.

- The Hospital uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Hospital generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and any lease extension options that the Hospital is reasonably certain to exercise.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the Hospital is reasonably certain to exercise.

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

Categories and Classification of Net Position

Net position of the Hospital is classified in three components, as follows:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the current balances of any outstanding borrowings (including leases) used to finance the purchase or construction of those assets.

Restricted net position – made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Hospital, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Restricted net position at December 31, 2025 and 2024 were amounts set aside to fund future debt obligations.

Unrestricted net position – the remaining net position that does not meet the definitions of net investment in capital assets or restricted net position described above.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

The Hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Revenue and Expenses

Operating Revenue and Expenses

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

Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers.

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews, and investigations.

The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potentially significant wrongdoing. However, compliance with such laws and regulations is subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid program, and in recent years there has been an increase in regulatory initiatives at the state and federal levels including the Recovery Audit Contractor ("RAC") and Medicaid Integrity Contractor ("MIC") programs, among others. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The RAC's have authority to pursue 'improper' (in their judgment) payments with a three-year look back from the date the claim was paid.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expenses (Continued)

Charity Care

The Hospital provides care to patients who meet certain criteria under its indigent and 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. The Hospital maintains records to identify and monitor the level of charity care it provides to all of its qualifying patients. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. As presented in Note 11, the Hospital reduced its gross revenues for its cost of charity care. For the years ended December 31, 2025 and 2024, charity care totaled $1,074,614 and $645,124, respectively.

Grants and Contributions

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

Managed Care Incentive Payment Revenue

The Hospital participates in the State of Louisiana's Managed Care Incentive Payment (MCIP) Program, which provides incentive payments to healthcare entities for achieving quality reforms that increase access to health care, improve the quality care, and/or enhance the health of patients they serve. Incentive payments are received after the specified activities, targets, performance measures, or quality-based outcomes are achieved by the healthcare entity. The revenue associated with MCIP incentive payments is recognized by the Hospital as soon as the amounts are estimable. Any changes resulting from the change in estimate are recognized within operations in the period in which they occur.

Medicaid Directed Payment Program (DPP)

The Hospital participates in the State's Medicaid Directed Payment Program, which provides continuing support to hospitals that provide services to Managed Medicaid patients through a percentage increase to each hospital's base Medicaid claims payments for hospital services to the Medicaid managed care population. The Hospital records the revenues as soon as they are estimable with any true-ups recorded at the time of payment.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expenses (Continued)

Ad Valorem Tax Revenues

The Hospital receives dedicated property tax revenues in amounts sufficient to fund annual debt maturities of the general obligation bonds and related interest costs, and to fund maintenance and operations of the Hospital. Such revenues are considered nonoperating in the accompanying statements of revenues, expenses and changes in net position.

Ad valorem taxes are normally levied and billed in November of each year and are due by December 31st of the year levied. Revenues are recognized when levied due to the extent they are determined to be currently collectible. Ad valorem taxes are billed and collected using the assessed values determined by the Tax Assessor of St. Charles Parish. For the years ended December 31, 2025 and 2024, the millage rates have been set at 2.23 mills for Maintenance and Operations and 2.06 mills for Bonds. The ad valorem taxes receivable for the years ended December 31, 2025 and 2024 totaled $10,460,667 and $10,342,773, respectively on the accompanying statements of net position.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expenses are included in supplies and other of $16,768 and $20,644 for the years ended December 31, 2025 and 2024, respectively, in the accompanying statements of revenues, expenses, and changes in net position.

Income Tax Status

The Hospital is a governmental unit which is exempt from Federal income taxes on related income pursuant to Section 115 of the Internal Revenue Code.

SCHII, the Corporation and PVMO, the component units of the Hospital as noted in Note 1, are exempt from taxes on income other than unrelated business income under section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates (Continued)

Estimates that are particularly susceptible to significant change in the near term are related to the determination of the allowances for uncollectible accounts and contractual adjustments and estimated third-party payer settlements. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

Risk Management

The Hospital is exposed to various risks of loss from tort; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The Hospital purchases medical malpractice under claims-made policies. Under these policies, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred.

Current Healthcare Environment

The Hospital monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact the Hospital in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity.
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payer industry.
- Workforce shortages primarily in nursing and other clinically skilled positions; as well as increased payroll costs to retain staff

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Healthcare Environment (Continued)

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on the Hospital's financial position and operating results.

Reclassifications

Certain reclassifications were made to prior year balances to conform with the current year presentation.

Subsequent Events

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

Recently Issued and Implemented Accounting Pronouncements

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. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by a formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Hospital adopted GASB 102 for the year ended December 31, 2025, and GASB 102 did not have an impact on the financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Effective in Future Years

The GASB has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 103, Financial Reporting Model Improvements (GASB 103). The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis ("MD&A"), which is presented as required supplementary information ("RSI"). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions, and presents comparisons between the current year and the prior year.

This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

GASB 103 describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

GASB 103 requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Effective in Future Years (Continued)

fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

GASB 103 requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

GASB 103 requires governments to present budgetary comparison information using a single method of communication—RSI. Governments are also required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of GASB 103 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104). State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying assets in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, should also be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Effective in Future Years (Continued)

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. An earlier application is encouraged.

The Hospital is evaluating the requirements of the above statements and the impact on reporting.

Note 3: CASH AND RESTRICTED CASH

At December 31, 2025 and 2024, the Hospital had $54,485,219 and $48,647,582, respectively, held in interest-bearing demand deposits as follows:

December 31,		**2025**		2024
Cash	**$**	**43,158,222**	$	36,224,943
Limited Use Cash		**11,326,997**		12,422,639
Total	**$**	**54,485,219**	$	48,647,582

These deposits are stated at cost, which approximates market.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Hospital's deposits may not be returned to it. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

The Hospital’s cash deposits are included in cash on its statement of net position as of December 31, 2025 and 2024, were entirely covered by federal depository insurance or collateralized with securities held by the pledging financial institution’s trust department or agent in the Hospital’s name.

Note 3: CASH AND RESTRICTED CASH (Continued)

At December 31, 2025, the Hospital had $54,461,978 in securities pledged by banks that are holding Hospital accounts that have balances in excess of the federal deposit insurance. Of this amount, $53,711,978 was over the federal deposit insurance limit, all of which were secured by collateral owned by the fiscal agent bank in the name of the Hospital. At December 31, 2024, the Hospital had $48,347,574 in securities pledged by banks that are holding Hospital accounts that have balances in excess of the federal deposit insurance. Of this amount, $47,597,574 was over the federal deposit insurance limit, all of which were secured by collateral owned by the fiscal agent bank in the name of the Hospital.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Hospital may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having principal offices in Louisiana. Additionally, Louisiana statutes allow the Hospital to invest in direct obligations of the U.S. Government, federally insured instruments, guaranteed investment contracts issued by certain financial institutions, and mutual or trust funds registered with the Securities and Exchange Commission.

*Concentration of Credit Risk – A*s required under GASB statement 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3*, concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB 40 further defines an at-risk investment to be one that represents more than five percent (5%) of the fair value of the total investment portfolio and requires disclosure of such at-risk investments. GASB 40 specifically excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments from the disclosure requirement. At December 31, 2025 and 2024, the Hospital had no investments requiring concentration of credit risk disclosure.

Note 4: ASSETS WHOSE USE IS LIMITED

Assets whose use is limited that are required for bond obligations classified as current liabilities are also reported as current assets, as these amounts have been designated by the board to pay the debt. The composition of assets whose use is limited at December 31, 2025 and 2024 is set forth in the following table:

December 31,		**2025**		2024
Restricted Cash - Debt Service				
Cash and cash equivalents	**$**	**6,562,171**	$	5,848,797
Restricted Cash - Capital Acquisition				
Cash and cash equivalents		**4,764,826**		6,573,842
Total	**$**	**11,326,997**	$	12,422,639

Note 5: PATIENT ACCOUNTS RECEIVABLE AND REVENUE

Patient Account Receivables

The Hospital is located in St. Charles, Louisiana. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements.

The mix of receivables from patients and third-party payers at December 31, 2025 and 2024 was:

December 31,	**2025**	2024
Medicare	**$ 12,951,667**	$ 10,400,051
Medicaid	**4,388,047**	6,332,851
Other third-party payers	**8,783,364**	7,628,553
Patients	**2,130,598**	1,960,169
Total patient accounts receivables	**28,253,676**	26,321,624
Less: Allowance for uncollectible accounts/contractual allowances	**(21,911,005)**	(20,529,585)
Patient accounts receivables, net	**$ 6,342,671**	$ 5,792,039

The mix of accounts receivable due from patients and third-party payers as of December 31, 2025 and 2024 was as follows:

December 31,	**2025**	2024
Medicare	**45.8%**	39.5%
Medicaid	**15.5%**	24.1%
Other third-party payers	**31.1%**	29.0%
Patients	**7.6%**	7.4%
Total	**100.0%**	100.0%

Note 6: CAPITAL ASSETS

Capital asset activity as of and for the year ended December 31, 2025, is as follows:

	December 31, 2024	Additions/ Transfers	Disposals Transfers/	December 31, 2025
Nondepreciable capital assets:				
Land	$ 3,331,765	$ 618,967	$ 831,411	**$ 4,782,143**
Construction in progress	2,582,085	1,945,438	(1,957,712)	**2,569,811**
Total nondepreciable capital assets	5,913,850	2,564,405	(1,126,301)	**7,351,954**
Depreciable capital assets:				
Building and improvements	71,463,137	78,407	1,171,811	**72,713,355**
Equipment	23,758,589	1,075,016	(444,847)	**24,388,758**
Leasehold improvements	5,706,758	-	-	**5,706,758**
Software	8,880	-	-	**8,880**
Vehicles	1,330,837	273,256	-	**1,604,093**
Right-of-use asset (equipment)	2,717,152	230,201	(776,197)	**2,171,156**
Total depreciable capital assets	104,985,353	1,656,880	(49,233)	**106,593,000**
Less accumulated depreciation:				
Building and improvements	(41,359,847)	(2,286,768)	-	**(43,646,615)**
Equipment	(15,472,758)	(1,873,741)	396,259	**(16,950,240)**
Leasehold improvements	(3,359,029)	(970,912)	-	**(4,329,941)**
Software	(8,880)	-	-	**(8,880)**
Vehicles	(1,351,345)	(171,657)	-	**(1,523,002)**
Right-of-use asset (equipment)	(2,105,426)	(306,629)	776,197	**(1,635,858)**
Total accumulated depreciation	(63,657,285)	(5,609,707)	1,172,456	**(68,094,536)**
Total depreciable capital assets, net	41,328,068	(3,952,827)	1,123,223	**38,498,464**
Total capital assets, net	$ 47,241,918	$ (1,388,422)	$ (3,078)	**$ 45,850,418**

Note 6: CAPITAL ASSETS (Continued)

Capital asset activity as of and for the year ended December 31, 2024, is as follows:

	December 31, 2023	Additions/ Transfers	Disposals Transfers/	December 31, 2024
Nondepreciable capital assets:				
Land	$ 3,331,765	$ -	$ -	$ 3,331,765
Construction in progress	2,487,269	3,531,943	(3,437,127)	2,582,085
Total nondepreciable capital assets	5,819,034	3,531,943	(3,437,127)	5,913,850
Depreciable capital assets:				
Building and improvements	69,681,674	2,772,777	(991,314)	71,463,137
Equipment	29,579,019	1,627,565	(7,447,995)	23,758,589
Leasehold improvements	5,662,509	44,249	-	5,706,758
Software	8,880	-	-	8,880
Vehicles	1,330,837	-	-	1,330,837
Right-of-use asset (equipment)	2,831,244	196,247	(310,339)	2,717,152
Total depreciable capital assets	109,094,163	4,640,838	(8,749,648)	104,985,353
Less accumulated depreciation:				
Building and improvements	(40,095,892)	(2,208,392)	944,437	(41,359,847)
Equipment	(21,210,065)	(1,712,641)	7,449,948	(15,472,758)
Leasehold improvements	(2,350,556)	(1,008,473)	-	(3,359,029)
Software	(8,880)	-	-	(8,880)
Vehicles	(1,208,491)	(142,854)	-	(1,351,345)
Right-of-use asset (equipment)	(2,086,214)	(19,212)	-	(2,105,426)
Total accumulated depreciation	(66,960,098)	(5,091,572)	8,394,385	(63,657,285)
Total depreciable capital assets, net	42,134,065	(450,734)	(355,263)	41,328,068
Total capital assets, net	$ 47,953,099	$ 3,081,209	$ (3,792,390)	$ 47,241,918

Depreciation expense reported in the year ended December 31, 2025, was $5,609,707. Depreciation expense reported in the year ended December 31, 2024, was $5,091,572.

Note 7: SHORT-TERM DEBT

In May 2024, the Hospital financed $1,604,381 related to its fiscal 2024 property insurance premiums. Under the financing agreement, which bore interest at 7.55%, principal and interest payments were due in 10 consecutive monthly installments of $166,042 beginning in June 2024. The short-term insurance financing was fully paid off in 2025.

	Balance December 31, 2024	Additions	Reductions	Balance December 31, 2025
Short-term insurance financing	$ 491,924		$ (491,924)	**$ -**
Total	$ 491,924	$ -	$ (491,924)	**$ -**

Note 8: LONG-TERM DEBT AND LEASE OBLIGATIONS

Long-Term Debt

The components of long-term debt obligations as of December 31, 2025 and 2024 are as follows:

December 31,		**2025**	2024
Hospital Revenue Bonds, Series 2012A	(A)	**$ 3,970,000**	$ 4,455,000
Hospital Revenue Bonds, Series 2012B	(A)	**3,125,000**	3,485,000
GO Refunding Bonds, Series, 2013A	(B)	**-**	-
First National Bank Loan	(C)	**9,943,675**	10,250,066
GO Refunding Bonds, Series, 2016	(D)	**370,000**	1,210,000
GO Refunding Bonds, Series, 2016A	(E)	**4,565,000**	5,435,000
Taxable Limited Tax Refunding Bonds, Series 2018	(F)	**-**	1,780,000
Limited Tax Bonds, Series 2018A	(G)	**1,945,000**	2,040,000
Hospital Revenue Bonds, Series 2020	(H)	**1,510,000**	1,855,000
Go Refunding Bonds, Series 2021	(I)	**12,880,000**	13,935,000
Unamortized discount/premium		**73,714**	82,710
		38,382,389	44,527,776
Less: Current Maturities		**(6,193,662)**	(6,135,246)
Total		**$ 32,188,727**	$ 38,392,530

Note 8: LONG-TERM DEBT AND LEASE OBLIGATIONS (Continued)

Long-Term Debt (Continued)

Scheduled maturities of general obligation bonds, limited tax bonds, and long-term debt as of December 31, 2025 are as follows:

Year Ending December 31,	Principal	Interest
2026	$ 6,193,662	$ 1,022,479
2027	4,027,668	886,408
2028	3,796,163	787,034
2029	3,922,504	684,627
2030	2,583,436	596,396
2031-2035	10,465,710	1,995,136
2036-2040	3,942,696	1,042,245
2041-2045	3,315,151	389,184
2046-2050	61,685	223
	38,308,675	7,403,732
Plus: Unamortized discount/premium	73,714	-
Total	**$ 38,382,389**	**$ 7,403,732**

(A) In April 2012, the residents of the Parish voted for a bond proposition authorizing the Hospital to issue up to $15,000,000 of 20-year General Obligation Bonds for the purpose of purchasing, acquiring land and constructing buildings, machinery, equipment, and furnishings, including both real and personal property, to be used in providing hospital facilities. These bonds are general obligations of the Hospital and payable from ad valorem taxes.

In August 2012, the Hospital adopted a resolution issuing $8,000,000 General Obligation, Series 2012A bonds and $6,000,000 Taxable General Obligation, Series 2012B bonds. Interest is payable semiannually on March 1 and September 1.

The Series 2012A bonds mature according to maturity schedules contained in the bond documents beginning on March 1, 2013, with scheduled maturities ranging from $45,000 to $635,000 each year through March 1, 2032. Interest rates associated with this Series range from 2.00% to 3.25%.

The Series 2012B bonds mature, according to maturity schedules contained in the bond documents, beginning on March 1, 2013. Scheduled maturities range from $50,000 to $520,000 each year through March 1, 2032. Interest rates associated with this Series range from 2.00% to 4.25%. These bonds are secured by and payable from ad valorem taxes.

Note 8: LONG-TERM DEBT AND LEASE OBLIGATIONS (Continued)

Long-Term Debt (Continued)

(B) During the year ended July 31, 2014, the Hospital issued $4,350,000 of General Obligation Bonds, Series 2013A, dated September 10, 2013. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Refunding Bonds, Series 2003A, and General Obligation Bonds, Series 2004, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in eleven annual installments ranging from $280,000 to $555,000 beginning March 1, 2014, with the final installment due March 1, 2024. Interest is payable semi-annually on March 1 and September 1 at a rate of 3.05%. These bonds are secured by and payable from ad valorem taxes. The bonds were paid in full during the year ended December 31, 2024.

(C) In January 2021, PVMO refinanced the First National Bank Direct Loan (the Direct Loan). The new loan balance of $11,318,218 is to be repaid in equal monthly installments of $61,739 beginning February 15, 2021, with the final installment due January 15, 2046. Interest is paid monthly at a rate of 4.25%. It is secured with a 1st mortgage and assignment of leases and rents on the Project.

(D) During the period from August 1, 2015 through December 31, 2016, the Hospital issued $7,040,000 of General Obligation Refunding Bonds, Series 2016, dated May 31, 2016. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Bonds, Series 2005, and General Obligation Bonds, Series 2006, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in ten annual installments ranging from $370,000 to $840,000 beginning March 1, 2017, with the final installment due March 1, 2026. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.19%. This bond is a general obligation of the Hospital and payable from ad valorem taxes.

(E) During the period from August 1, 2015 through December 31, 2016, the Hospital issued $10,655,000 of General Obligation Refunding Bonds, Series 2016A, dated August 9, 2016. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Bonds, Series 2007, General Obligation Bonds, Series 2009, and General Obligation Bonds, Series 2009A, and paying the costs incurred in connection with the issuance thereof. This bond is a general obligation of the Hospital and payable from ad valorem taxes.

The outstanding principal of the bonds will be repaid in thirteen annual installments ranging from $420,000 to $1,305,000 beginning March 1, 2017, with the final installment due March 1, 2029. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.23%.

Note 8: LONG-TERM DEBT AND LEASE OBLIGATIONS (Continued)

Long-Term Debt (Continued)

(F) During the year ended December 31, 2018, the Hospital issued $11,565,000 of Taxable Limited Tax Refunding Bonds, Series 2018, dated October 9, 2018. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Limited Tax Bonds, Series 2014 and Limited Tax Bonds, Series 2015, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in seven annual installments ranging from $1,515,000 to $1,785,000 beginning March 1, 2019, with the final installment due March 1, 2025. Interest is payable semi-annually on March 1 and September 1 at a rate of 4.06%. This bond is a general obligation of the Hospital and payable from ad valorem taxes. The bonds were paid in full during the year ended December 31, 2025.

(G) During the year ended December 31, 2018, the Hospital issued $2,300,000 of Limited Tax Bonds, Series 2018A, dated October 9, 2018. The purpose of the issue is construction, operating and maintaining the Hospital facilities, and paying the cost incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in eight annual installments ranging from $35,000 to $1,945,000 beginning March 1, 2019, with the final installment due March 1, 2026. Interest is payable semi-annually on March 1 and September 1 at a rate of 3.37%. This bond is a general obligation of the Hospital and payable from ad valorem taxes.

(H) During the year ended December 31, 2020, the Hospital issued $3,135,000 of General Obligation Refunding Bonds, Series 2020, dated March 24, 2020. The purpose of the issue is refunding all of the Hospital's outstanding General Obligation Bonds, Series 2009B, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in annual installments ranging from $305,000 to $400,000 beginning March 1, 2021, with the final installment due March 1, 2029. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.82%. This bond is a general obligation of the Hospital and payable from ad valorem taxes.

(I) During the year ended December 31, 2021, the Hospital issued $17,000,000 of General Obligation Refunding Bonds, Series 2021, dated August 31, 2021. The purpose of the issue is purchasing, acquiring and constructing lands, buildings, machinery, equipment and furnishings, including both real and personal property. The outstanding principal of the bonds will be repaid in fifteen annual installments ranging from $1,005,000 to $1,270,000 beginning March 1, 2022, with the final installment due March 1, 2036. Interest is payable semi-annually on March 1 and September 1 at a rate of 1.67%.

Note 8: LONG-TERM DEBT AND LEASE OBLIGATIONS (Continued)

Lease Obligations

The Hospital is the lessee for noncancellable leases of medical and office equipment. All contracts allowing for the Hospital to use another entity's asset for a period greater than 12 months must be recorded as both a right-of-use (ROU) asset and a lease liability. The liability is measured using the present value of expected payments over the lease term, discounted for the interest rate (whether explicit or implicit). Scheduled payments thereafter are allocated between the discount amortization to interest expense and the principal payment in the reduction of the outstanding liability. Depreciation of the ROU asset flows through depreciation expense monthly using straight-line basis over the life of the lease.

The Hospital is required to make monthly principal and interest payments totaling approximately $24,949. The leases have interest rates ranging from 3.0% to 4.17%.

Following is a schedule by year of future minimum lease payments required under the Hospital's lease arrangements in excess of one year as of December 31, 2025:

Year Ending December 31,	Principal	Interest
2026	$ 236,167	$ 17,023
2027	158,330	9,241
2028	128,990	3,620
2029	33,521	109
Thereafter	-	-
Total	**$ 557,008**	**$ 29,993**

Note 8: LONG-TERM DEBT AND LEASE OBLIGATIONS (Continued)

A summary of changes in the Hospital's long-term debt, including lease obligations, for the year ended December 31 2025, is as follows:

	December 31, 2024	Additions	Reductions	December 31, 2025	Due Within One Year
General Obligation Bonds:					
Series 2012A	$ 4,455,000		$ (485,000)	**$ 3,970,000**	$ 500,000
Series 2012B	3,485,000		(360,000)	**3,125,000**	380,000
Series 2016	1,210,000		(840,000)	**370,000**	370,000
Series 2016A	5,435,000		(870,000)	**4,565,000**	1,250,000
Series 2020	1,855,000		(345,000)	**1,510,000**	355,000
Series 2021	13,935,000		(1,055,000)	**12,880,000**	1,075,000
Limited Tax Bonds:					
Series 2018	1,780,000		(1,780,000)	**-**	-
Series 2018A	2,040,000		(95,000)	**1,945,000**	1,945,000
Other Long-Term Debt					
FNB Loan	10,250,066		(306,391)	**9,943,675**	318,662
Unamortized discount/premium	82,710		(8,996)	**73,714**	-
Total Long-Term Debt	44,527,776	-	(6,145,387)	**38,382,389**	6,193,662
Other Long-Term Liabilities					
Lease Obligations	599,826	230,201	(273,019)	**557,008**	236,167
Lease Deposits	20,202	139,392		**159,594**	-
Total other long-term liabilities	620,028	369,593	(273,019)	**716,602**	236,167
Total Long-Term Debt and Other Obligations	$ 45,147,804	$ 369,593	$ (6,418,406)	**$ 39,098,991**	$ 6,429,829

Note 8: LONG-TERM DEBT AND LEASE OBLIGATIONS (Continued)

A summary of changes in the Hospital's long-term debt, including lease obligations, for the year ended December 31, 2024, is as follows:

	2023	Additions	Reductions	2024	One Year
General Obligation Bonds:					
Series 2012A	$ 4,920,000	$ -	$ (465,000)	$ 4,455,000	$ 465,000
Series 2012B	3,825,000	-	(340,000)	3,485,000	340,000
Series 2013A	430,000	-	(430,000)	-	-
Series 2016	2,025,000	-	(815,000)	1,210,000	815,000
Series 2016A	6,320,000	-	(885,000)	5,435,000	885,000
Series 2020	2,190,000	-	(335,000)	1,855,000	335,000
Series 2021	14,975,000	-	(1,040,000)	13,935,000	1,040,000
Limited Tax Bonds:					
Series 2018	3,565,000	-	(1,785,000)	1,780,000	1,785,000
Series 2018A	2,075,000	-	(35,000)	2,040,000	35,000
Other Long-Term Debt					
FNB Loan	10,539,991	-	(289,925)	10,250,066	291,169
Unamortized discount/premium	91,333	-	(8,623)	82,710	-
Total Long-Term Debt	50,956,324	-	(6,428,548)	44,527,776	5,991,169
Other Long-Term Liabilities					
Lease Obligations	751,782	154,092	(306,048)	599,826	182,944
Lease Deposits	20,202	-	-	20,202	-
Total other long-term liabilities	771,984	154,092	(306,048)	620,028	182,944
Total Long-Term Debt and Other Obligations	$ 51,728,308	$ 154,092	$ (6,734,596)	$ 45,147,804	$ 6,174,113

Defeasance of Debt

In 2018, the Hospital defeased $7,725,000 of Limited Tax Bonds, Series 2014 and $3,520,000 of Limited Tax Bonds, Series 2015 and issued $11,565,000 of Taxable Limited Tax Refunding Bonds, Series 2018 and $2,300,000 of Limited Tax Bonds, Series 2018A. Deferred outflows of $-0- and $6,342 at December 31, 2025 and 2024 relate to the defeasance of the Series 2014 and 2015 bonds, respectively.

Note 9: NET INVESTMENT IN CAPITAL ASSETS

The Hospital's net investment in capital assets for the years ended December 31, 2025 and 2024, as presented on the accompanying statements of net position, is calculated as follows:

December 31,	**2025**	2024
Capital assets, net	**$ 45,850,418**	$ 47,241,918
Less: debt related to capital assets		
Bonds Payable	**(38,308,675)**	(44,445,066)
Lease Obligations	**(557,008)**	(599,826)
Plus:		
Cash held for capital acquisition	**4,764,826**	6,573,842
Net Investment in Capital Assets	**$ 11,749,561**	$ 8,770,868

NOTE 10: DEFERRED INFLOWS OF RESOURCES

In June 2017, the GASB issued Statement No. 87, *Leases*. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. Deferred inflows of resources primarily consist of lease payments due from lessees for future periods.

The Hospital, as a lessor, has entered into multiple lease agreements (in excess of one year, including options to extend which are reasonably certain of being exercised), for office space. On December 31, 2025 and 2024, deferred inflows of resources of $5,187,749 and $3,447,305, respectively, was reported on the accompanying statement of net position.

NOTE 11: NET PATIENT SERVICE REVENUE

The Hospital has agreements with governmental and other third-party payors that provide for payments to the Medical Center for services rendered at amounts different from its established rates. Patient revenue is reported net of contractual adjustments arising from these third-party arrangements as well as net of provisions for uncollectible accounts. A summary of the payment arrangements with major third-party payors follows below.

Medicare

The Hospital is reimbursed under the Medicare Prospective Payment System for acute care inpatient services provided to Medicare beneficiaries and is paid a predetermined amount for these services based, for the most part, on the Diagnosis-Related Group (DRG) assigned to the patient.

NOTE 11: NET PATIENT SERVICE REVENUE (Continued)

Medicare (Continued)

The Hospital is paid prospectively for Medicare inpatient capital costs based on the federal specific rate. The Hospital qualifies as a disproportionate share provider under the Medicare regulations. As such, the Hospital receives an additional payment for Medicare inpatients served. Except for Medicare disproportionate share reimbursement and Medicare bad debts, there is no retroactive settlement for inpatient costs under the Medicare inpatient prospective payment methodology.

Medicare outpatient services (excluding clinical lab and outpatient therapy) are reimbursed by the Outpatient Prospective Payment System (OPPS), which establishes a number of Ambulatory Payment Classifications (APC) for outpatient procedures in which the Hospital is paid a predetermined amount per procedure. Medicare outpatient clinical lab services are reimbursed based upon the Medicare fee schedules. The Hospital's Medicare cost reports have most recently been audited by the Medicare fiscal intermediary through July 31, 2024.

Medicaid

The Hospital is paid a prospective per diem rate for Medicaid inpatients. The per diem rate is based on a peer grouping methodology, which assigns a per diem rate to each hospital in the peer group. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. Medicaid outpatient clinical lab and Medicaid ambulatory surgery and outpatient therapy services are reimbursed based upon the Medicare fee schedules.

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

Revenue derived from the Medicare and Medicaid programs is subject to audit and adjustment by the fiscal intermediary and must be accepted by the United States Department of Health and Human Services (HHS) before settlement amounts become final. Annually, management evaluates the recorded estimated settlements and adjusts these balances based upon the results of the intermediary's audit of filed cost reports and additional information becoming available. The Hospital's Medicaid cost reports have been most recently audited by the Medicaid fiscal intermediary through July 31, 2020.

NOTE 11: NET PATIENT SERVICE REVENUE (Continued)

Regulatory Matters

Laws and regulations governing Medicare and Medicaid programs are extremely complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

Other Payors

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

A summary of the Hospital's gross revenue from patient services provided under contracts with third-party payers for the years ended December 31, 2025 and 2024 is as follows:

December 31,	**2025**	2024
Medicare	**41.5%**	37.9%
Medicaid	**18.3%**	22.0%
Other commercial and preferred provider organizations	**38.3%**	37.9%
Patients	**1.9%**	2.2%
Total	**100.0%**	100.0%

A summary of the Hospital's net patient service revenue for the years ended December 31, 2025 and 2024 is as follows:

December 31,	**2025**	2024
Gross patient service revenue	**$ 260,605,384**	$ 235,661,471
Less provision for contractual adjustments under third-party reimbursement programs and other adjustments	**(179,530,641)**	(162,163,076)
Provision for bad debts	**(2,802,305)**	(3,125,928)
Charity care	**(1,074,614)**	(645,124)
Net patient service revenue	**$ 77,197,824**	$ 69,727,343

Note 12: OTHER OPERATING REVENUES

Medicaid Directed Payment Program

The Hospital participates in the State's Directed Payment Program (DPP). Under the DPP, MCOs are contracted to pay increased reimbursements for physician services that more closely align the reimbursement rates for the Medicaid managed care population with the equivalent total reimbursement rates for the Medicaid fee-for-service population. DPP revenue recorded by the Hospital under DPP reimbursement totaled $13,674,214 and $11,958,068 in 2025 and 2024, respectively, on the accompanying statements of revenues, expenses, and changes in net position as net patient service revenue. Additionally, the Hospital recorded a receivable of $3,947,223 for the year ended December 31, 2025, on the accompanying statements of net position as other receivables. The Hospital recorded a deferred revenue of $123,001 for the year ended December 31, 2024, on the accompanying statements of net position as deferred revenue.

Managed Care Incentive Payment Program

As part of the State of Louisiana's MCIP Program, the Hospital participated in the Quality and Outcome Improvement Network (QIN). The network formed to contract with hospitals wishing to participate in the MCIP program and implemented measures designed by the QIN to achieve incentive arrangements in exchange for incentive payments from QIN. The MCIP receivable for the years ended December 31, 2025 and 2024 totaled $2,000,001 and $2,573,533, respectively, on the accompanying statements of net position. The MCIP revenue for the years ended December 31, 2025 and 2024, totaled $2,814,102 and $3,057,073, respectively, on the accompanying statements of revenues, expenses, and changes in net position.

Note 13: NONOPERATING REVENUES

Government grant income

During the fiscal year ended December 31, 2025, the Federal Emergency Management Agency (FEMA) obligated funds to the Hospital for capital projects completed in the prior fiscal year related to Hurricane Ida. Since the projects were already completed and costs incurred and paid, the Hospital recognized the revenue related to the FEMA grant as of the date of project obligation. The funds will be passed through the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP). Total FEMA grant receivables and revenue for the year ended December 31, 2025 were $1,607,393 and recorded on the accompanying statements of revenues, expenses, and changes in net position as government grant income.

During the fiscal year ended December 31, 2025, the St. Charles Parish passed through funds appropriated from the State of Louisiana to the Hospital. Revenue from the appropriations was $1,000,000, which was recognized when all eligibility requirements, including time requirements, were met during the year ended December 31, 2025, and recorded on the accompanying statements of revenues, expenses, and changes in net position as government grant income.

Note 14: LEASE REVENUES

The Hospital leases the Medical Office Building from PVMO under a master lease agreement whereby the Hospital pays PVMO $78,000 per month, adjusted for the Consumer Price Index every five years, which is eliminated in the consolidation for reporting purposes herein.

As part of this agreement, the Hospital can sublease the office space to third parties. For the years ended December 31, 2025 and 2024, rental income related to this property and others rented by the Hospital totaled $1,633,409 and $1,525,534, respectively, and is recorded on the statements of revenues, expenses, and changes in net position as other operating revenues. The rental income recorded in accordance with GASB 87 totaled $1,593,004 and $1,312,261 for the years ended December 31, 2025 and 2024, respectively. The incremental borrowing rates for the leases range from 0.25% to 4.09%. The variable payments for leases not meeting the requirements to be recorded in accordance with GASB 87 totaled $40,405 and $213,273 during the year ended December 31, 2025 and 2024, respectively.

The Hospital has various office space leases with the Hospital's manager. Annual payments under the leases range from $12,047 to $282,921, and the leases expire at various dates through April 30, 2031. The incremental borrowing rates for the leases range from 0.25% to 4.09%. For the years ended December 31, 2025 and 2024, the Hospital recorded rental income in accordance with GASB 87 of $1,266,269 and $1,037,903, respectively, from the Hospital's manager. Rental income with the Hospital's manager not in accordance with GASB 87 totaled $7,200 and $188,257 for the years ended December 31, 2025 and 2024, respectively, and is included in the total rental income from the Hospital's manager disclosed above.

Future minimum rent receipts are as follows:

Year Ending December 31,	Principal	Interest	**Total**
2026	$ 1,641,390	$ 195,657	**$ 1,837,047**
2027	1,232,467	136,365	**1,368,832**
2028	961,994	78,194	**1,040,188**
2029	872,621	51,155	**923,776**
2030	749,601	16,025	**765,626**
Threafter	61,774	241	**62,015**
Total	$ 5,519,847	$ 477,637	**$ 5,997,484**

Note 15: MEDICAID PROGRAM SUPPORT

As part of the Hospital's continuing support of the State of Louisiana's Medicaid Program, the Hospital has, throughout the year, made Medicaid supplemental payments to the State of Louisiana (State) restricted for use in support of the Medicaid Program. For the years ended December 31, 2025 and 2024, the Hospital made Medicaid supplemental payments of $31,000,000 and $21,000,000, respectively, to the State, which is included in Medicaid program support on the accompanying statements of revenues, expenses, and changes in net position.

Note 16: RETIREMENT BENEFITS

Section 457(b) Deferred Compensation Plan

In planning for the termination of participation in the Parochial Employees' Retirement System of Louisiana, the Hospital established a deferred compensation 457(b) plan and a defined contribution 401(a) retirement plan for eligible employees.

Effective December 1, 2013, the Hospital offered to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is available to all Hospital employees as of the first enrollment date following the date they become an employee and permits them to contribute a portion of their salary to the plan on an annual basis.

The Hospital also established a 401(a) retirement plan for the purpose of matching 100% of an employee's salary reduction contributions to the deferred compensation plan up to 3% of the employee's compensation received for that year. During 2024, the Hospital amended the deferred contribution to 2% match and 2% employer contributions. To be eligible for this match, the employee must be employed as of December 31. The contribution match for the Hospital will be made during the third quarter of the following year. For the year ended December 31, 2025 and 2024, total employer contributions to the plan were $289,409.

The amounts of compensation deferred, and other contributions under the above plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, and the benefits may not be diverted to any other use. It is the opinion of Hospital management that the Hospital has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor.

Note 17: COMMITMENTS

Total Renal Care Cooperative Endeavor and Services Agreements

On April 1, 2010, the Hospital entered into a ten-year cooperative endeavor lease agreement with Total Renal Care, Inc. (TRC). Under this agreement, TRC is leasing approximately 4,425 square feet of the Hospital building for the sum of $126,998 per year, payable in equal monthly installments of $10,583. This agreement was extended for its second consecutive five-year renewal term, an additional 60 months, commencing on April 1, 2025, and expiring on March 31, 2030. Under the new agreement, TRC is leasing approximately 4,759 square feet of the Hospital building.

Note 17: COMMITMENTS (Continued)

Total Renal Care Cooperative Endeavor and Services Agreements (Continued)

The Hospital entered into a five-year Acute Services Agreement with TRC effective April 1, 2010. The agreement states that the Hospital appoints TRC as its exclusive provider of dialysis and other related services to its patients. The Hospital will pay TRC for these services under the fee schedule described in "Exhibit 7.1" of the agreement. This agreement will be automatically renewed for successive two-year terms unless terminated.

The Hospital also entered into a one-year Stat Laboratory Services Agreement with TRC effective June 10, 2013. The agreement states that the Hospital will provide certain laboratory tests and services necessary for TRC's dialysis patients. TRC will compensate the Hospital for these services under the fee schedule described in "Exhibit A" of the agreement. This agreement has been automatically renewed for one year, effective each annual period following the initial agreement, and will be automatically renewed for successive one-year terms unless terminated.

Note 18: HOSPITAL MANAGEMENT CONTRACT

As mentioned in Note 1, effective September 1, 2014, the Hospital is managed by St. Charles Operational Management Company (SCOMC), a wholly owned subsidiary of Ochsner Health System. The Hospital pays a monthly management fee to SCOMC in exchange for management, staff, and other assistance to operate the Hospital.

In addition to the management fee referred to above, the Hospital provides other payments to SCOMC for supplies purchased, professional services provided outside of the management agreement, and other miscellaneous items received or services provided throughout the year.

During the year ended December 31, 2025, the Hospital purchased supplies and other items pursuant to this agreement through SCOMC totaling approximately $9,600,000, and made payments of approximately $20,800,000; outstanding amounts of approximately $5,400,000 are recorded as due to the Hospital manager in the Hospital's statement of net position as a current liability at December 31, 2025. During the year ended December 31, 2024, the Hospital purchased supplies and other items pursuant to this agreement through SCOMC, totaling approximately $7,800,000, and made payments of approximately $17,600,000; outstanding amounts of approximately $12,200,000 are recorded as due to the Hospital manager in the Hospital's statement of net position as a current liability.

Note 19: RISK MANAGEMENT AND REGULATORY MATTERS

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

Violations of these laws and regulations could result in expulsion from government health care 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, 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.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the CMS to implement a so-called Recovery Audit Contractor (RAC) program on a permanent and nationwide basis. The program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare reimbursement in an amount estimated to equal the overpayment.

A five-state pilot program concluded in March 2008, with a nationwide rollout of the RAC effort done in phases beginning in 2009. The experiences during the pilot found far more overpayments than underpayments.

Similarly, the CMS created new entities titled Audit Medicaid Integrity Contractors (MIC) in order to continue its efforts to ensure the highest integrity of its healthcare programs. The goal of the provider audits is to identify overpayments and to ultimately decrease the payment of inappropriate Medicaid claims. The MIC is to review claims submitted by all types of Medicaid providers, including all settings of care and types of services, with most audits taking place at staff headquarters and on occasion on-site at a provider's place of business. The Hospital has not been the subject of any MIC or RAC audits during 2025 or 2024.

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Note 19: RISK MANAGEMENT AND REGULATORY MATTERS (Continued)

Workmen's Compensation

The Hospital participates in the Louisiana Commercial and Trade Association Workmen's Compensation Trust Fund (the Trust Fund). Should the Trust 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 practical to estimate the amount of additional assessments, if any, and the costs associated with any such assessments are treated as period expenses at the time they are assessed. The Trust Fund presumes to be a "grantor trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations and equity amounts assigned to the Hospital by the Trust Fund in its financial statements.

Medical Malpractice Insurance

The Hospital participates in the State of Louisiana Patient Compensation Fund (the Fund). The Fund provides malpractice coverage to the Hospital for claims in excess of $100,000 up to $500,000. According to current state law, medical malpractice liability (exclusive of future medical care awards) is limited to $500,000 per occurrence. The management of the Hospital has no reason to believe that the Hospital will be prevented from continuing its participation in the Fund.

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual is deemed necessary. It is reasonably possible that this estimate could change materially in the near term.

In addition, other claims may be asserted arising from services provided to patients in the past. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance, if any. It is reasonably possible that this estimate could change materially in the near term.

Note 20: TAX ABATEMENTS

In accordance with GASB 77, *Tax Abatement Disclosures,* which requires the Hospital to disclose information regarding the ad-valorem tax abatements that affect the taxes collected by the Hospital, whether approved by the Hospital or other governmental entity, ad-valorem tax abatements affecting the Hospital's tax collections are summarized below.

Note 20: TAX ABATEMENTS (Continued)

The program under which these abatements are granted is described below:

- **Industrial Tax Exemption:** Manufacturers receive a property tax exemption for a five-year period, renewable for an additional five years. Exemptible property includes buildings, machinery, equipment, furniture and fixtures for a newly expanded or renovated facility.

For the year ended December 31, 2025, the Hospital's tax collections are affected by abatements authorized by the State of Louisiana (State), St. Charles Parish Council (Council), and the Industrial Development Board of St. Charles Parish (IDB) as detailed below:

Industrial Tax Exemption	Total Amount of Abated Taxes	Hospital's Share of Abated Taxes
State approved	$ 64,172,597	$ 2,614,439
Council approved	116,902	4,763
IDB approved	4,955,990	201,911

For the year ended December 31, 2024, the Hospital's tax collections are affected by abatements authorized by the State of Louisiana (State), St. Charles Parish Council (Council), and the Industrial Development Board of St. Charles Parish (IDB) as detailed below:

Industrial Tax Exemption	Total Amount of Abated Taxes	Hospital's Share of Abated Taxes
State approved	$ 72,801,041	$ 2,922,396
Council approved	123,659	4,964
IDB approved	4,869,437	195,470

Note 21: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION

The following table presents the combining condensed statements of net position for the Hospital and its component units for the year ended December 31, 2025:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Current Assets	$ 78,198,453	$ 1,000	$ 5,077	$ -	**$ 78,204,530**
Assets whose use is limited	4,764,826	-	-	-	**4,764,826**
Capital assets, net	32,849,359	13,001,059	-	-	**45,850,418**
Other assets	3,195,217	683,240	-	-	**3,878,457**
Total assets	119,007,855	13,685,299	5,077	-	**132,698,231**
Deferred outflow of resources	-	-	-	-	**-**
Total assets and deferred outflow of resources	$ 119,007,855	$ 13,685,299	$ 5,077	$ -	**$ 132,698,231**
Current Liabilities	$ 26,649,896	$ 318,662	$ -	$ -	**$ 26,968,558**
Long-term liabilities - less amounts due within one year	23,044,149	9,625,013	-	-	**32,669,162**
Total liabilities	49,694,045	9,943,675	-	-	**59,637,720**
Deferred inflow of resources	5,187,749	-	-	-	**5,187,749**
Net position	64,126,056	3,741,624	5,077	-	**67,872,757**
Total liabilities, deferred inflow of resources, and net position	$ 119,007,850	$ 13,685,299	$ 5,077	$ -	**$ 132,698,226**

Note 21: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)

The following table presents the combining condensed statements of net position information for the Hospital and its component units for the year ended December 31, 2024:

	Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Current Assets	$ 64,361,672	$ 1,000	$ 5,077	$ -	$ 64,367,749
Assets whose use is limited	6,573,842	-	-	-	6,573,842
Capital assets, net	33,822,262	13,419,656	-	-	47,241,918
Other assets	2,068,017	281,417	-	-	2,349,434
Total assets	106,825,793	13,702,073	5,077	-	120,532,943
Deferred outflow of resources	6,342	-	-	-	6,342
Total assets and deferred outflow of resources	$ 106,832,135	$ 13,702,073	$ 5,077	$ -	$ 120,539,285
Current Liabilities	$ 23,401,243	$ 305,246	$ -	$ -	$ 23,706,489
Long-term liabilities - less amounts due within one year	28,884,795	9,944,819	-	-	38,829,614
Total liabilities	52,286,038	10,250,065	-	-	62,536,103
Deferred inflow of resources	3,447,305	-	-	-	3,447,305
Net position	51,098,792	3,452,008	5,077	-	54,555,877
Total liabilities, deferred inflow of resources, and net position	$ 106,832,135	$ 13,702,073	$ 5,077	$ -	$ 120,539,285

Note 21: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)

The following table presents the combining condensed statement of revenues, expenses, and changes in net position for the Hospital and its component units for the year ended December 31, 2025:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Operating Revenues					
Net patient service revenues	$ 77,197,824	$ -	$ -	$ -	**$ 77,197,824**
MCIP revenue	2,814,102	-	-	-	**2,814,102**
Other operating revenues	2,697,560	1,163,039	-	(1,163,039)	**2,697,560**
Total operating revenues	82,709,486	1,163,039	-	(1,163,039)	**82,709,486**
Operating Expenses					
Salaries, wages, and benefits	17,579,746	-	-	-	**17,579,746**
Supplies, other, and Medicaid program support	53,259,827	-	-	(1,163,039)	**52,096,788**
Purchased services	6,681,466	20,350	-	-	**6,701,816**
Depreciation and amortization	5,188,457	418,596	-	-	**5,607,053**
Total operating expenses	82,709,496	438,946	-	(1,163,039)	**81,985,403**
Operating income (loss)	(10)	724,093	-	-	**724,083**
Nonoperating Revenues (Expenses)					
Ad valorem taxes	10,615,031	-	-	-	**10,615,031**
Government grant income	2,607,393	-	-	-	**2,607,393**
Gain on insurance proceeds	15,664	-	-	-	**15,664**
Gain/(loss) on disposal	-	-	-	-	**-**
Interest income	531,087	-	-	-	**531,087**
Interest expense	(741,901)	(434,477)	-	-	**(1,176,378)**
Total nonoperating revenues (expenses)	13,027,274	(434,477)	-	-	**12,592,797**
Change in Net Position	13,027,264	289,616	-	-	**13,316,880**
Net Position, Beginning of Year	51,098,792	3,452,008	5,077	-	**54,555,877**
Net Position, End of Year	$ 64,126,056	$ 3,741,624	$ 5,077	$ -	**$ 67,872,757**

Note 21: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)

The following table presents the combining condensed statement of revenues, expenses, and changes in net position for the Hospital and its component units for the year ended December 31, 2024:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Operating Revenues					
Net patient service revenues	$ 69,727,343	$ -	$ -	$ -	$ 69,727,343
MCIP revenue	3,057,073	-	-	-	3,057,073
Other operating revenues	2,577,080	1,013,060	-	(1,013,060)	2,577,080
Total operating revenues	75,361,496	1,013,060	-	(1,013,060)	75,361,496
Operating Expenses					
Salaries, wages, and benefits	17,501,189	-	-	-	17,501,189
Supplies, other, and Medicaid program support	41,650,894	-	-	(1,013,060)	40,637,834
Purchased services	11,507,024	-	-	-	11,507,024
Depreciation and amortization	4,702,391	418,596	-	-	5,120,987
Total operating expenses	75,361,498	418,596	-	(1,013,060)	74,767,034
Operating income (loss)	(2)	594,464	-	-	594,462
Nonoperating Revenues (Expenses)					
Ad valorem taxes	10,522,359	-	-	-	10,522,359
Government grant income	542,915	-	-	-	542,915
Gain on insurance proceeds	633,880	-	-	-	633,880
Gain/(loss) on disposal	(21,878)	-	-	-	(21,878)
Interest income	479,764	-	-	-	479,764
Interest expense	(928,367)	(450,943)	-	-	(1,379,310)
Total nonoperating revenues (expenses)	11,228,673	(450,943)	-	-	10,777,730
Change in Net Position	11,228,671	143,521	-	-	11,372,192
Net Position, Beginning of Year	39,870,121	3,308,487	5,077	-	43,183,685
Net Position, End of Year	$ 51,098,792	$ 3,452,008	$ 5,077	$ -	$ 54,555,877

Note 21: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)

The following table presents the combining condensed statement of cash flows for the Hospital and its component units as of December 31, 2025:

`	St. Charles Parish Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Net cash provided by (used in):					
Operating activities	$ 5,327,623	$ -	$ -	$ -	**$ 5,327,623**
Noncapital financing activities	10,497,137	-	-	-	**10,497,137**
Capital and related financing activities	(10,456,725)	-	-	-	**(10,456,725)**
Investing activities	469,602	-	-	-	**469,602**
Net increase (decrease) in cash and cash equivalents	5,837,637	-	-	-	**5,837,637**
Cash and cash equivalents - beginning of period	48,642,505	-	5,077	-	**48,647,582**
Cash and cash equivalents - end of period	$ 54,480,142	$ -	$ 5,077	$ -	**$54,485,219**

The following table presents the combining condensed statement of cash flows for the Hospital and its component units as of December 31, 2024:

`	St. Charles Parish Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Net cash provided by (used in):					
Operating activities	$ 3,433,994	$ -	$ -	$ -	$ 3,433,994
Noncapital financing activities	11,355,033	-	-	-	11,355,033
Capital and related financing activities	(11,762,828)	-	-	-	(11,762,828)
Investing activities	498,082	-	-	-	498,082
Net increase (decrease) in cash and cash equivalents	3,524,281	-	-	-	3,524,281
Cash and cash equivalents - beginning of period	45,118,224	-	5,077	-	45,123,301
Cash and cash equivalents - end of period	$ 48,642,505	$ -	$ 5,077	$ -	$48,647,582

SUPPLEMENTARY INFORMATION

St. Charles Parish Hospital Service District
Schedule of Compensation, Benefits and Other Payments to Agency Head
For The Year Ended December 31, 2025

Agency Head Name: Keith Dacus, Chief Executive Officer.

Note: Effective September 1, 2014, St. Charles Parish Hospital Service District is managed by St. Charles Operational Management Company, a wholly owned subsidiary of Ochsner Health System (Ochsner). The Agency Head is Keith Dacus, Chief Executive Officer. Keith Dacus is an employee of Ochsner. St. Charles Parish Hospital Service District did not make any payments to or on behalf of the Chief Executive Officer, an individual as the agency head, for the year ended December 31, 2025.

St. Charles Parish Hospital Service District
Schedule of Board of Commissioners and Compensation
For The Year Ended December 31, 2025

Name	Number of Meetings Attended	Amount Paid	Amount Payable	Total
Karen Raymond	11	$ 660	$ -	$ 660
Jake Lemmon	10	600	-	600
Timothy J. Vial	11	-	-	-
William Sirmon	7	420	-	420
Pamela Smith	11	660	-	660
Total		**$ 2,340**	**$ -**	**$ 2,340**

St. Charles Parish Hospital Service District
Schedule of Bonds
For The Year Ended December 31, 2025

General Obligation Bonds, Series 2012A	Rate	Interest Payment Date	Interest Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	2.00% to 3.25%					$ 8,000,000	$ 8,000,000	$ 4,030,000	$ 3,970,000
		3/1/2026	57,766	3/1/2026	500,000				
		9/1/2026	57,766						
		3/1/2027	50,391	3/1/2027	525,000				
		9/1/2027	50,391						
		3/1/2028	42,365	3/1/2028	545,000				
		9/1/2028	42,365						
		3/1/2029	33,864	3/1/2029	565,000				
		9/1/2029	33,864						
		3/1/2030	24,840	3/1/2030	590,000				
		9/1/2030	24,840						
		3/1/2031	15,275	3/1/2031	610,000				
		9/1/2031	15,275						
		3/1/2032	10,319	3/1/2032	635,000				
			$ 459,321		$ 3,970,000				

General Obligation Bonds, Series 2012B	Rate	Interest Payment Date	Interest Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	2.00% to 4.25%					$ 6,000,000	$ 6,000,000	$ 2,875,000	$ 3,125,000
		3/1/2026	58,179	3/1/2026	380,000				
		9/1/2026	58,179						
		3/1/2027	51,349	3/1/2027	400,000				
		9/1/2027	51,349						
		3/1/2028	43,759	3/1/2028	420,000				
		9/1/2028	43,759						
		3/1/2029	35,319	3/1/2029	445,000				
		9/1/2029	35,319						
		3/1/2030	26,219	3/1/2030	465,000				
		9/1/2030	26,219						
		3/1/2031	16,309	3/1/2031	495,000				
		9/1/2031	16,309						
		3/1/2032	11,050	3/1/2032	520,000				
			$ 473,318		$ 3,125,000				

General Obligation Bonds, Series 2016	Rate	Interest Payment Date	Interest Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	2.19%					$ 7,040,000	$ 7,040,000	$ 6,670,000	$ 370,000
		3/1/2026	4,052						
		9/1/2026	4,052	3/1/2026	370,000				
			$ 8,104		$ 370,000				

St. Charles Parish Hospital Service District
Schedule of Bonds
For The Year Ended December 31, 2025

General Obligation Bonds, Series 2016A	Rate	Interest Payment Date	Interest Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	2.23%					$ 10,655,000	$ 10,655,000	$ 6,090,000	$ 4,565,000
		3/1/2026	50,900	3/1/2026	1,250,000				
		9/1/2026	36,962						
		3/1/2027	36,962	3/1/2027	1,305,000				
		9/1/2027	22,412						
		3/1/2028	22,412	3/1/2028	990,000				
		9/1/2028	11,373						
		3/1/2029	11,373	3/1/2029	1,020,000				
			$ 192,394		$ 4,565,000				

Limited Tax Bonds, Series 2018A	Rate	Interest Payment Date	Interest Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	3.37%					$ 2,300,000	$ 2,300,000	$ 355,000	$ 1,945,000
		3/1/2026	32,773	3/1/2026	1,945,000				
			$ 32,773		$ 1,945,000				

General Obligation Bonds, Series 2020	Rate	Interest Payment Date	Interest Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	2.82%					$ 3,135,000	$ 3,135,000	$ 1,625,000	$ 1,510,000
		3/1/2026	21,291	3/1/2026	355,000				
		9/1/2026	16,286						
		3/1/2027	16,286	3/1/2027	370,000				
		9/1/2027	11,069						
		3/1/2028	11,069	3/1/2028	385,000				
		9/1/2028	5,640						
		3/1/2029	5,640	3/1/2029	400,000				
			$ 87,281		$ 1,510,000				

St. Charles Parish Hospital Service District
Schedule of Bonds
For The Year Ended December 31, 2025

General Obligation Bonds, Series 2021	Rate	Interest Payment Date	Interest Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	1.67%					$ 17,000,000	$ 17,000,000	$ 4,120,000	$ 12,880,000
		3/1/2026	107,548	3/1/2026	1,075,000				
		9/1/2026	98,572						
		3/1/2027	98,572	3/1/2027	1,095,000				
		9/1/2027	89,429						
		3/1/2028	89,429	3/1/2028	1,110,000				
		9/1/2028	80,160						
		3/1/2029	80,160	3/1/2029	1,130,000				
		9/1/2029	70,725						
		3/1/2030	70,725	3/1/2030	1,150,000				
		9/1/2030	61,122						
		3/1/2031	61,122	3/1/2031	1,170,000				
		9/1/2031	51,353						
		3/1/2032	51,353	3/1/2032	1,190,000				
		9/1/2032	41,416						
		3/1/2033	41,416	3/1/2033	1,210,000				
		9/1/2033	31,313						
		3/1/2034	31,313	3/1/2034	1,230,000				
		9/1/2034	21,042						
		3/1/2035	21,042	3/1/2035	1,250,000				
		9/1/2035	10,605						
		3/1/2036	10,605	3/1/2036	1,270,000				
			$ 1,219,022		$ 12,880,000				

Total Interest	$ 2,472,213	Total principal	$ 28,365,000
Due within one year	604,326	Due within one year	5,875,000
Long-term	1,867,887	Long-term	22,490,000
Total	$ 2,472,213	Total	28,365,000
		Bond Premium, Net	73,714
		Total	$ 28,438,714

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
St. Charles Parish Hospital Service District
Luling, Louisiana

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

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana revised Statutes 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana
June 26, 2026

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

To the Board of Commissioners
St. Charles Parish Hospital Service District
Luling, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Hospital's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Hospital's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana
June 26, 2026

St. Charles Parish Hospital Service District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity No.	Amounts Provided Through To Subrecipients	Federal Expenditures
U.S. Department of Homeland Security				
Disaster Grants - Public Assistance - (Presidentially Declared Disasters) - Hurricane Ida				
-passed through State of LA Governor's Office of Homeland Security and Emergency Preparedness	97.036	N/A	$ -	$ 1,607,393
Total U.S. Department of Homeland Security				**1,607,393**
Total Expenditures of Federal Awards			$ -	**$ 1,607,393**

Note 1: GENERAL

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of St. Charles Parish Hospital Service District (the Hospital) under programs of the federal government for the year ended December 31, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the net position, changes in net position, or cash flows of the Hospital.

Note 2: BASIS OF ACCOUNTING

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a de minimis indirect cost rate. For the year ended December 31, 2025, the Hospital did not elect to use this rate.

Note 4: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The Hospital has no loans or loan guarantees.

Note 5: FEDERALLY FUNDED INSURANCE

The Hospital has no federally funded insurance.

Note 6: NONCASH ASSISTANCE

The Hospital received no noncash assistance.

Note 7: FEDERAL ASSISTANCE RECONCILIATION

Federal grants, as presented on the SEFA, are included in the following financial statement line items on the statement of revenue, expenses, and changes in net position:

Government grant income	$	2,607,393
Less: Hurricane Ida Recovery Fund Program (state program)		(1,000,000)
Total Federal Grants per Schedule of Expenditures Federal Awards	**$**	**1,607,393**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiency(es) identified?	None noted
c. Noncompliance material to the financial statements noted?	No
3. Management letter issued	No

Federal Awards

1. Type of auditor's report issued on compliance for major federal programs:	Unmodified
2. Internal control over major federal programs:	
a. Material weakness(es) identified?	No
b. Significant deficiency(es) identified?	None noted
3. Any audit findings disclosed that are required to be reported in accordance with 2 CF 200.516(a)?	No

4. Identification of major programs:

Federal Assistance Listing Number	Federal Program
97.036	Disaster Grants - Public Assistance - (Presidentially Declared Disasters) - Hurricane Ida

5. Dollar threshold used to distinguish between type A and B programs:	$1,000,000
6. Auditee qualified as a low-risk auditee for federal purposes?	No

SECTION II: FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

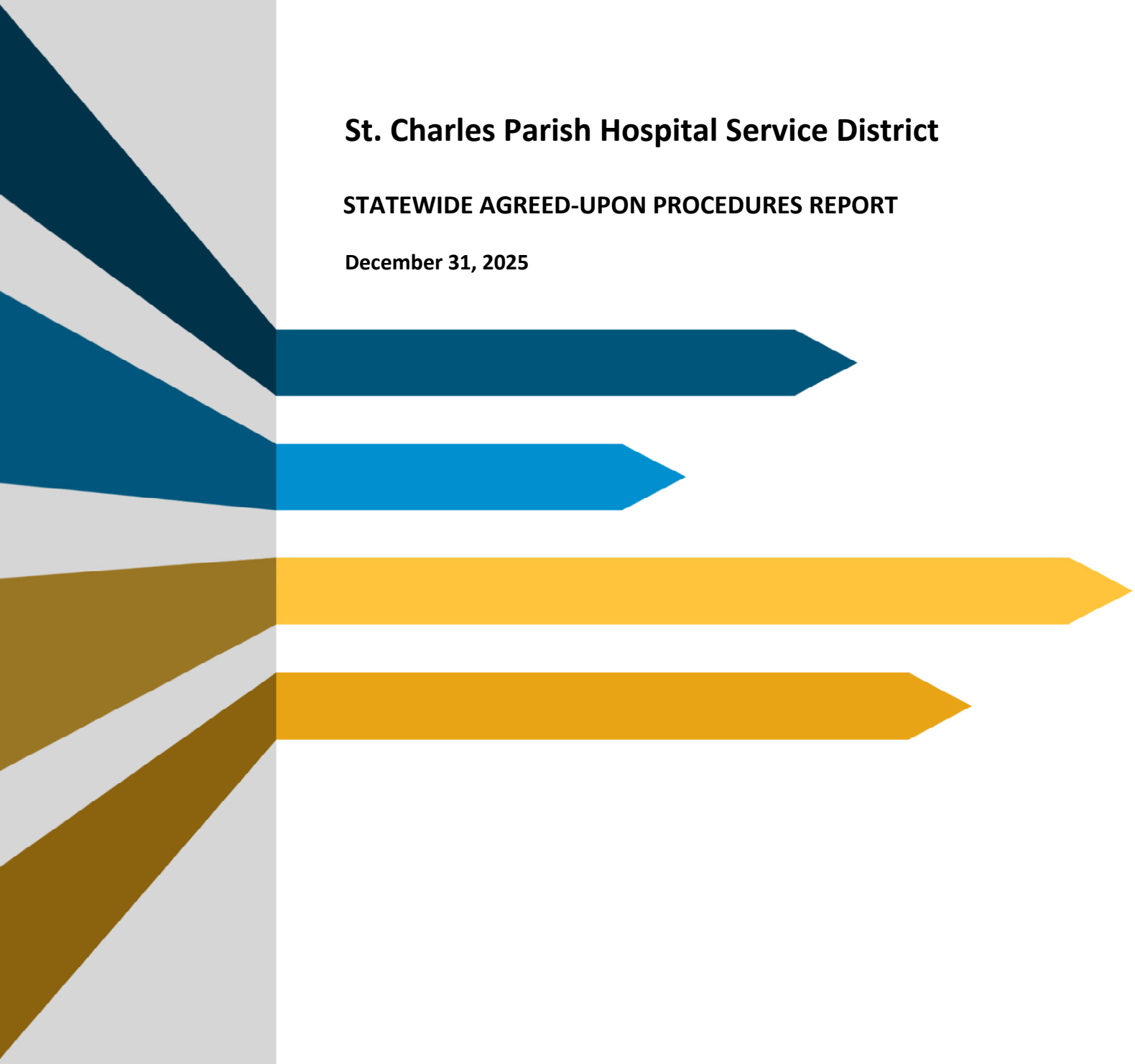
SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None noted.

St. Charles Parish Hospital Service District

STATEWIDE AGREED-UPON PROCEDURES REPORT

December 31, 2025



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of
St. Charles Parish Hospital Service District
Luling, Louisiana
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 January 01, 2025 through December 31, 2025. St. Charles Parish Hospital Service District'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 January 01, 2025 through December 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 results are as follows:

1) Written Policies and Procedures

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

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

2) Board or Finance Committee

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

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

Results: No exceptions were found as a result of applying the procedure.

ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *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.*

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

3) Bank Reconciliations

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

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

4) Collections (excluding electronic funds transfers)

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

Results: Not applicable because no collections have been made by the Hospital's employees.

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

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

Results: Not applicable. There are no Hospital employees who are responsible for collections.

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

Results: Not applicable. There are no Hospital employees who are responsible for collections.

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

Results: Not applicable. There are no Hospital employees who are responsible for collections.

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

Results: Not applicable. There are no Hospital employees who are responsible for collections.

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

Results: No exceptions were found as a result of applying the procedure.

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

i. Observe that receipts are sequentially pre-numbered.Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: Not applicable. There are no Hospital employees who are responsible for collections.

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

Results: Not applicable. There are no Hospital employees who are responsible for collections.

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

Results: Not applicable. There are no Hospital employees who are responsible for collections.

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

Results: Not applicable. There are no Hospital employees who are responsible for collections.

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

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

Results: No exceptions were found as a result of applying the procedure.

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

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

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

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

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

Results: No exceptions were found as a result of applying the procedure.

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

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

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

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

8) *Contracts*

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

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

9) Payroll and Personnel

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

Results: No exceptions were found as a result of applying the procedure.

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

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

10) *Ethics*

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

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

Results: Not applicable to the employees of the Hospital under state law R.S. 42:1170 A.(3)(c).

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

Results: Not applicable to the employees of the Hospital under state law R.S. 42:1170 A.(3)(c).

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

Results: Not applicable to the employees of the Hospital under state law R.S. 42:1170 A.(3)(c).

11) Debt Service

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

12) Fraud Notice

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

13) Information Technology Disaster Recovery/Business Continuity

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

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

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

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

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

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

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

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

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

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

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

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

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

v. Amount of time it took to resolve each complaint

Results: No exceptions were found as a result of applying the procedure.

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.

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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana
June 26, 2026