

REEVES MEMORIAL MEDICAL CENTER

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2024 and 2023

Reeves Memorial Medical Center
Financial Statements
and
Independent Auditors' Report
Years Ended December 31, 2024 and 2023

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Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis

This section of the Hospital Service District's (the "District") annual financial report presents background information and management's analysis of the District's financial performance during the fiscal year that ended on December 31, 2024. Please read it in conjunction with the financial statements in this report.

Financial Highlights

- The District's total assets increased in FY 2024 by \$2,436,707 compared to an increase of \$28,873,933 and \$1,467,796 in FY 2023 and 2022, respectively. The majority of the increase in fiscal year 2024, is due to increase in Medicare and Medicaid payments, along with increase in interest income.
- Patient volume increased in FY 2024 compared to an increase in fiscal years 2023 and 2022. The District reported operating income of \$1,055,081, \$1,000,606 and \$1,191,545 in FY 2024, 2023 and 2022, respectively. The District reported nonoperating loss, which includes bond interest expense, of \$85,476 and nonoperating income, which includes property tax revenue and interest income, of \$544,242 and 1,276,569 in FY 2023 and 2022, respectively. Operating expenses increased by \$2,258,304, 1,316,245, and 1,298,341 in FY 2024, 2023 and 2022, respectively.
- The District has agreed to a cooperative endeavor (CEA) The intent of this arrangement is to pool District resources across the State to support access to healthcare in rural Louisiana. Under the CEA, the District deposits an amount, determined annually by the Rural District Coalition (RHC), into an account, from which RHC is permitted to withdraw funds and make distributions to participating Districts using a predetermined formula. Although the payments are formulaic in nature, they are not guaranteed, nor are they directly related to Medicaid reimbursement for the provisions of goods and healthcare services to patients. Accordingly, the deposits with RHC were less than the receipts under this program, resulting in a net amount of \$986,892 and \$891,325 for the year ended December 31, 2024 and 2023, respectively.
- The District received property tax revenues of \$325,634, \$280,757, and \$301,822, for fiscal years 2024, 2023, and 2022, respectively. The 5.34 mills ad valorem tax expired in fiscal year 2021 and was renewed for 2021 through 2031. The 5.11 mills was renewed in March 2015 for another 10 years. In FY 2016, the District board voted to increase the 5.34 mills to 5.47 mills to maintain the ad valorem tax equal to prior year tax collections.

Required Financial Statements

The Financial Statements of the District report information about the District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statements of Net Position include all of the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. This statement measures improvements in the District's operations over the past three years and can be used to determine whether the District has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the Statements of Cash Flows. The primary purpose of this statement is to provide information about the District's cash from operations, investing and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis (continued)

Financial Analysis of the Hospital Service District

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

Net Position

The District's net position is the difference between its assets and liabilities reported on the balance sheet on page 5. The District's net positions are 17,846,658, 16,904,851 and 15,590,534, respectively. The financial highlights also discuss the changes in assets and liabilities as presented in Table 1 below:

TABLE 1
Condensed Statements of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total current assets	\$ 11,281,793	\$ 9,003,226	\$ 15,194,199
Capital assets - net	16,423,464	4,982,682	3,221,411
Other assets	<u>22,457,603</u>	<u>33,740,245</u>	<u>436,610</u>
 Total assets	 \$ <u>50,162,860</u>	 \$ <u>47,726,153</u>	 \$ <u>18,852,220</u>
 Current liabilities	 \$ 3,660,241	 \$ 2,065,574	 \$ 1,591,295
Long-term liabilities	<u>28,655,961</u>	<u>28,755,728</u>	<u>1,670,391</u>
 Total Liabilities	 <u>32,316,202</u>	 <u>30,821,302</u>	 <u>3,261,686</u>
 Invested in capital assets, net of related debt	 (12,125,863)	 (23,673,019)	 1,220,358
Restricted by third-party	22,268,489	33,512,422	171,576
Unrestricted	<u>7,704,032</u>	<u>7,065,448</u>	<u>14,198,600</u>
 Net Position	 <u>17,846,658</u>	 <u>16,904,851</u>	 <u>15,590,534</u>
 Total liabilities and net position	 \$ <u>50,162,860</u>	 \$ <u>47,726,153</u>	 \$ <u>18,852,220</u>

Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis (continued)

Summary of Changes in Net Position

The following table presents a summary of the District's historical revenues and expenses for each of the fiscal years ended December 31, 2024, 2023, and 2022.

TABLE 2
Summary of Revenues, Expenses, and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues:			
Net patient service revenue	\$ 13,376,814	\$ 11,558,379	\$ 10,864,226
Other revenue	<u>3,235,655</u>	<u>3,193,478</u>	<u>23,685,071</u>
Total revenues	<u>16,612,469</u>	<u>14,751,857</u>	<u>34,549,297</u>
Expenses:			
Salaries and benefits	7,998,122	6,603,063	6,176,077
Medical supplies and drugs	1,756,809	1,887,838	1,464,721
Professional fees	2,468,801	1,892,536	1,705,187
Other expenses	2,647,608	2,304,433	2,027,790
Intergovernmental transfer expense	-0-	452,167	21,374,913
Insurance	236,661	210,933	199,582
Depreciation	<u>449,387</u>	<u>400,281</u>	<u>409,482</u>
Total expenses	<u>15,557,388</u>	<u>13,751,251</u>	<u>33,357,752</u>
Operating income (loss)	1,055,081	1,000,606	1,191,545
Nonoperating revenues (expenses)			
Interest income	1,751,052	393,850	38,085
Interest expense	(2,162,117)	(130,365)	(84,307)
Property tax revenue	325,589	280,757	301,822
COVID-19 grant awards	<u>-0-</u>	<u>-0-</u>	<u>1,020,969</u>
Nonoperating income (loss), net	(85,476)	544,242	1,276,569
Changes in net position before capital grants	969,605	1,544,848	2,468,114
Capital grants	<u>10,911</u>	<u>28,696</u>	<u>4,250</u>
Changes in net position before other comprehensive income	980,516	1,573,544	2,472,364
Other comprehensive income			
Change in unrealized gain (loss) on securities	<u>(38,709)</u>	<u>(37,211)</u>	<u>19,403</u>
Changes in net position	\$ <u><u>941,807</u></u>	\$ <u><u>1,536,333</u></u>	\$ <u><u>2,491,767</u></u>

Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis (continued)

Sources of Revenue

Operating Income

During fiscal year 2024, the District derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive care in the District's facilities. On December 30, 2005, the District changed its status for Medicare reimbursement purposes from a prospectively paid (PPS) hospital to a cost-based reimbursement or critical access hospital. This change resulted in more reimbursement from Medicare. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes grants to provide healthcare to indigent and/or low-income patients. If the District continues to meet the criteria, grant money may be available for a short period of time. Other revenue also contains cafeteria sales, HPSA incentive income, and other miscellaneous services.

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

TABLE 3
Payor Mix by Percentage

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Medicare	35%	31%	34%
Medicaid	16%	15%	21%
Blue Cross	17%	13%	12%
Commercial and other third-party payors	30%	34%	29%
Other	<u>2%</u>	<u>7%</u>	<u>4%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Non-operating Income

The District holds investments and Certificates of Deposit in its Statements of Net Position in the amount of \$2,687,300, \$2,726,009, and \$2,763,220, for 2024, 2023, and 2022, respectively. Interest income earned from the Certificate of Deposit and investments was \$1,819,882, \$161,033, and \$38,085, for fiscal years 2024, 2023, and 2022, respectively. The District holds interest bearing demand deposit accounts and interest earned on the account is FY 2023 is \$188,145. The District received ad valorem tax revenue of \$325,634, \$280,757, and \$301,822 in fiscal years 2024, 2023, and 2022, respectively.

Operating and Financial Performance

In FY 2024, acute and swing patient days increased by 794 days, compared to a 231 day increase in 2023 and a 54 day increase in FY 2022. Rural health clinic visits increased by 4,023 visits in FY 2024 compared to a 913-visit increase in FY 2023 and a 63-visit decrease in 2022. The increase in patient days was mainly due to an increase in Swing Bed patients.

Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis (continued)

Operating and Financial Performance (Continued)

As a critical access hospital, the average length of stay is required to be 4.00 days or less. The Acute day's average length of stay was 3.79 for patients in fiscal year 2024, compared to the Acute days average length of stay of 3.78 in FY 2023.

In FY 2024 the net patient service revenue, increased by \$1,818,435 due to changes in patient volume.

The gross accounts receivable balance increased by \$2,801,222 in FY 2024 compared to an increase of \$605,138 and 1,064,891 in FY 2023 and 2022, respectively. The increase is primarily due to the increase in volume in both the hospital and the clinic and Medicare not paying Swing Bed claims timely. The District continues to exert every effort to assist patients in finding funding sources for health care.

Salaries & benefits increased in FY 2024 by \$1,395,059 compared to an increase of \$426,986 and \$766,034, in FY 2023 and 2022, respectively. In FY 2024 salaries and benefits increased due to pay increases for all staff during FY 2024 in order to pay comparable wages to other healthcare facilities in the area.

In FY 2024 Provision for Bad Debts increased by \$1,592,230, compared to an increase of \$481,300 in FY 2023 and a decrease of \$52,429 in FY 2022.

Depreciation and amortization increased in fiscal year 2024 by \$49,106, compared to a decrease of \$9,201 in FY 2023 and an increase of \$60,125 in FY 2022. Medical Supplies and Drugs decreased by \$131,029, in FY 2024, compared to an increase of \$423,117 and \$101,666 in FY 2023 and 2022, respectively. The decrease is due to 340B pharmaceutical program drug purchases. Professional fees increased by \$576,265 in FY 2024, due to an increase in contract nursing, therapy rates and contract mammography tech in FY 2024, compared to an increase of \$187,349 in FY 2023 and an increase of \$56,592 in FY 2022. Other expenses and insurance had a combined increase of \$368,903 in FY 2024, compared to an increase of \$287,994 and \$313,897 in FY 2023 and 2022, respectively.

Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis (continued)

Capital Assets

In FY 2024 net capital assets increased by \$11,440,782, due to constructions of new hospital and clinic, compared to an increase of \$1,761,271 and \$987,267 in FY 2023 and 2022, respectively.

TABLE 4
Capital Assets

	December 31, <u>2024</u>	December 31, <u>2023</u>	December 31, <u>2022</u>
Land	\$ 149,840	\$ 149,840	\$ 149,840
Construction in progress	13,948,215	2,443,847	405,370
Land improvements	72,798	72,798	72,798
Leasehold improvements	22,583	22,583	22,583
Buildings	2,876,354	2,863,104	2,852,645
Fixed equipment	505,968	490,881	455,186
Major moveable equipment	3,489,506	3,186,141	3,138,335
Transportation equipment	87,344	87,344	87,344
Minor equipment	<u>300</u>	<u>300</u>	<u>300</u>
 Total	 21,152,908	 9,316,838	 7,184,401
Accumulated depreciation	<u>5,258,244</u>	<u>4,981,598</u>	<u>4,754,031</u>
 Net capital assets	 \$ <u>15,894,664</u>	 \$ <u>4,335,240</u>	 \$ <u>2,430,370</u>
 Right-of-use assets, equipment	 \$ 534,121	 \$ 565,453	 \$ 565,453
Accumulated amortization	<u>401,021</u>	<u>382,126</u>	<u>328,212</u>
 Total right-of-use capital assets, net	 \$ <u>133,100</u>	 \$ <u>183,327</u>	 \$ <u>237,241</u>

Long-Term Debt

As of December 31, 2024, the District had \$28,000,000 in long-term and short-term debt. In FY 2024 there was no change in long-term and short-term debt, compared to a, increase of \$26,853,997 in FY 2023 and a decrease of \$95,352 in FY 2022. ROU and SBITA liabilities decreased by \$106,374 in FY 2024 compared to an increase of \$352,671 and \$169,807 in FY 2023 and 2022, respectively. In FY 2023 the District issued \$28,000,000 in revenue bonds to pay for construction of a new hospital and RHC.

Contacting the Hospital Service District's Financial Manager

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



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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Bernice, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Ward 3, 4 and 10 Hospital Service District of the Parish of Union, State of Louisiana d/b/a Reeves Memorial Medical Center (the "District"), a component unit of the Union Parish Police Jury, Bernice, Louisiana, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Ward 3, 4 and 10 Hospital Service District of the Parish of Union and do not purport to, and do not, present fairly the financial position of Union Parish Police Jury as of December 31, 2024 and 2023, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 27, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.



Board of Commissioners
Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
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The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants
Alexandria, Louisiana

June 27, 2025



Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Statements of Net Position
December 31,

ASSETS	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents (Notes 2 & 3)	\$ 4,830,228	\$ 2,898,110
Certificates of deposit (Notes 2 & 3)	2,500,000	2,500,000
Accounts receivable, net (Note 4)	1,564,738	1,506,073
Estimated third-party payor settlements	995,416	982,094
Other receivables	472,879	353,833
Inventory	762,040	596,619
Prepaid expenses	<u>156,492</u>	<u>166,497</u>
Total current assets	<u>11,281,793</u>	<u>9,003,226</u>
Non-current assets:		
Nondepreciable capital assets (Note 5)	14,098,055	2,593,687
Depreciable capital assets, net (Note 5)	1,796,609	1,741,553
Right-of-use capital assets (Note 5)	133,100	183,327
Subscription assets, net (Note 6)	395,700	464,115
Limited-use assets (Note 8)	22,268,489	33,512,422
Investments (Note 3)	187,300	226,009
Other assets (Note 7)	<u>1,814</u>	<u>1,814</u>
Total assets	<u>\$ 50,162,860</u>	<u>\$ 47,726,153</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 1,464,211	\$ 465,640
Accrued expenses and withholdings payable (Note 12)	263,951	234,358
Current portion of compensated absences (Note 13)	334,267	333,440
Estimated third-party payor settlements	1,432,681	864,526
Current portion of lease liabilities (Note 10)	41,848	53,381
Current portion of subscription liabilities (Note 11)	<u>123,283</u>	<u>114,229</u>
Total current liabilities	<u>3,660,241</u>	<u>2,065,574</u>
Long-term liabilities		
Compensated absences	271,765	267,637
Lease liabilities (Note 10)	102,709	144,557
Subscription liabilities (Note 11)	281,487	343,534
Long-term debt (Note 9)	<u>28,000,000</u>	<u>28,000,000</u>
Total liabilities	<u>32,316,202</u>	<u>30,821,302</u>
Net position:		
Invested in capital assets, net of related debt	(12,125,863)	(23,673,019)
Restricted by third-parties (Note 8)	22,268,489	33,512,422
Unrestricted	<u>7,704,032</u>	<u>7,065,448</u>
Total net position	<u>17,846,658</u>	<u>16,904,851</u>
Total liabilities and net position	<u>\$ 50,162,860</u>	<u>\$ 47,726,153</u>

See accompanying notes to financial statements.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Revenues:		
Net patient service revenue (Note 15)	\$ 13,376,814	\$ 11,558,379
Medicaid supplemental payments	1,091,041	1,423,138
Grant income	10,122	11,072
Other operating revenue	2,134,492	1,758,779
Contributions	-0-	489
Total revenues	<u>16,612,469</u>	<u>14,751,857</u>
Expenses:		
Salaries and benefits	7,998,122	6,603,063
Medical supplies and drugs	1,756,809	1,887,838
Professional fees	2,468,801	1,892,536
Other expenses	2,647,608	2,304,433
Intergovernmental transfer expense (Note 22 & 23)	-0-	452,167
Insurance	236,661	210,933
Depreciation and amortization	449,387	400,281
Total expenses	<u>15,557,388</u>	<u>13,751,251</u>
Operating income (loss)	1,055,081	1,000,606
Nonoperating revenues (expenses)		
Interest income	1,751,052	393,850
Interest expense	(2,162,117)	(130,365)
Property tax revenue (Note 17)	325,589	280,757
Nonoperating income (loss), net	<u>(85,476)</u>	<u>544,242</u>
Changes in net position before capital grants	969,605	1,544,848
Capital grants	<u>10,911</u>	<u>28,696</u>
Changes in net position before other comprehensive income	<u>980,516</u>	<u>1,573,544</u>
Other comprehensive income		
Change in unrealized gain (loss) on securities	(38,709)	(37,211)
Changes in net position	<u>941,807</u>	<u>1,536,333</u>
Beginning net position	<u>16,904,851</u>	<u>15,368,518</u>
Ending net position	\$ <u>17,846,658</u>	\$ <u>16,904,851</u>

See accompanying notes to financial statements.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Statements of Cash Flows
Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from patients and third-party payors	\$ 13,872,982	\$ 12,578,921
Other receipts from operations	3,122,109	3,093,999
Cash paid to governmental entities	-0-	(452,167)
Cash payments to employees and for employee-related cost	(7,967,702)	(6,500,220)
Cash payments for other operating expenses	<u>(6,268,096)</u>	<u>(6,348,283)</u>
Net cash provided (used) by operating activities	<u>2,759,293</u>	<u>2,372,250</u>
Cash flows from investing activities:		
Interest income	1,751,054	393,850
Net cash provided (used) by investing activities	<u>1,751,054</u>	<u>393,850</u>
Cash flows from non-capital financing activities		
Proceeds from ad valorem taxes	<u>325,589</u>	<u>280,757</u>
Net cash provided (used) by non-capital financing activities	<u>325,589</u>	<u>280,757</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(11,828,935)	(2,141,823)
Proceeds from capital grants	10,911	28,696
Cash invested in limited use assets	11,243,933	(33,341,267)
Payment on lease liability obligations	(53,381)	(105,092)
Proceeds from long-term debt	-0-	28,000,000
Payments on long-term debt	-0-	(1,145,976)
Payments on subscription liabilities	(114,229)	(123,401)
Interest expense on long-term debt	<u>(2,162,117)</u>	<u>(130,365)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,903,818)</u>	<u>(8,959,228)</u>
Net increase (decrease) in cash and cash equivalents	1,932,118	(5,912,371)
Beginning cash and cash equivalents	<u>2,898,110</u>	<u>8,810,481</u>
Ending cash and cash equivalents	\$ <u><u>4,830,228</u></u>	\$ <u><u>2,898,110</u></u>

See accompanying notes to financial statements.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Statements of Cash Flows (Continued)
Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ 1,055,081	\$ 1,000,606
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	449,387	400,281
Changes in:		
Accounts receivable, net	(58,665)	463,812
Estimated third-party payor settlements	554,833	556,730
Other receivables	(119,046)	(90,091)
Limited-use asset	-0-	421
Inventory	(165,421)	(18,705)
Prepaid expenses	10,005	(23,586)
Accounts payable	998,571	(20,062)
Accrued expenses and withholdings payable	<u>34,548</u>	<u>102,844</u>
Net cash provided (used) by operating activities	\$ <u>2,759,293</u>	\$ <u>2,372,250</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ <u>2,162,117</u>	\$ <u>130,365</u>
Unrealized gain (loss) recorded to investments and net position	\$ <u>(38,709)</u>	\$ <u>(37,211)</u>

See accompanying notes to financial statements.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Ward 3, 4 and 10 Hospital Service District of the Parish of Union, State of Louisiana (referred to as the "District") was created by an ordinance of the Union Parish Police Jury on July 11, 1967, and beginning September 2010 is referred to as Reeves Memorial Medical Center.

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

Nature of Business

The District provides outpatient, emergency, rural health clinic, acute inpatient, and skilled nursing (through "swing beds") services. The District converted to a Medicare critical care hospital (CAH) on December 30, 2005.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Enterprise Fund

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

Basis of Accounting

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

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Credit Risk

The District provides medical care primarily to Union Parish residents and grants credit to patients, substantially all of whom are local residents.

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

Significant Concentration of Economic Dependence

The District has an economic dependence on a small number of staff physicians. These physicians admit over 90% of the Hospital's patients. The District also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 15. Accordingly, changes in federal or state legislation or interpretations of rules have a significant impact on the District.

Net Patient Service Revenue

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

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

Patient Accounts Receivable

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

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

receivables previously written off as bad debt expense are recorded as a reduction of bad debt expense when received.

Inventory

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

Income Taxes

The entity is a political subdivision and exempt from taxation.

Investments in Debt and Equity Securities

Investments in debt and equity securities are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenue when earned.

Capital Assets

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

Buildings	15 to 40 years
Machinery and Equipment	5 to 20 years
Furniture and Fixtures	5 to 15 years

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

Right-of-use capital assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Net Position

The District classifies net position into three components: invested in capital assets, net of related debt; restricted, and unrestricted. Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the purchase or construction of those assets. Restricted consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, or contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues and Expenses

The District's Statements of Changes in Revenues, Expenses, and Net Position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the District's principal activity. Nonexchange revenues are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Restricted Revenues

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

Grants and Contributions

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

Charity Care

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

Use of Estimates

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

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

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

Risk Management

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

Environmental Matters

The District is subject to laws and regulations relating to the protection of the environment. The District's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of the District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the District. At December 31, 2024 and 2023, management is not aware of any liability resulting from environmental matters.

Advertising

The District expenses advertising cost as incurred. Advertising expense for the years ended December 31, 2024 and 2023 totaled \$25,518 and \$14,540, respectively.

Subscription Assets and Liabilities

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

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

Subscription liabilities represent the District's obligation to make payments arising from the SBITA. Subscription liabilities are initially recognized at the commencement date based on the present value of expected payments over the lease term, adjusted for SBITA incentives. Subsequently, the subscription liability

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

is reduced by the principal portion of the payments made. Interest expense is recognized ratably over the term of the arrangement.

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

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

Recently Adopted Accounting Pronouncements

The District implemented GASB Statement No. 101, *Compensated Absences* in fiscal year 2024. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The new standard is to be applied to all compensated absences as of the beginning of the earliest period presented; and therefore, the December 31, 2023 financial statements have been restated, as discussed in Note 26.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Custodial Credit Risks – Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the District's name at December 31, 2024 and 2023.

Concentration of Credit Risks – The District has 100% of its cash and cash equivalents at Origin Bank in checking and certificates of deposit.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

Account balances according to bank's records at December 31, 2024, for the District are as follows:

	<u>2024</u>	<u>2023</u>
Cash in banks	\$ <u>29,742,019</u>	\$ <u>38,960,309</u>
Insured by FDIC	\$ <u>751,500</u>	\$ <u>750,000</u>
Collateralization at fair market value	\$ <u>35,455,763</u>	\$ <u>40,691,534</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>

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

	<u>2024</u>	<u>2023</u>
Carrying amount		
Deposits	\$ 4,830,228	\$ 2,898,110
Certificates of deposit	2,500,000	2,500,000
Donated stocks	<u>187,300</u>	<u>226,009</u>
	\$ <u>7,517,528</u>	\$ <u>5,624,119</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 4,830,228	\$ 2,898,110
Certificates of deposit	2,500,000	2,500,000
Investments	<u>187,300</u>	<u>226,009</u>
	\$ <u>7,517,528</u>	\$ <u>5,624,119</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments in marketable equity securities consist of stocks donated to the District in 1988. An analysis at December 31 is as follows:

		----- Fair Value -----	
	<u>Shares</u>	<u>2024</u>	<u>2023</u>
Exxon Corporation	800	\$ 77,872	\$ 71,800
Pfizer	3,300	<u>109,428</u>	<u>154,209</u>
Total market value		187,300	226,009
Less cost basis		<u>(14,456)</u>	<u>(14,456)</u>
Unrealized gain (loss)		\$ <u>172,844</u>	\$ <u>211,553</u>

The District records these registered securities under the provision of the GASB Statement No 31. These securities are recorded at fair value and unrealized gains are recognized as a component of fund equity. Fair values are based upon quoted market prices as of the fiscal year end. These securities are considered a Level 1 investment under the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2024</u>	<u>2023</u>
Patient accounts receivable	\$ 6,262,591	\$ 3,598,182
Estimated allowance for uncollectibles	<u>(4,697,853)</u>	<u>(2,092,109)</u>
Net patient accounts receivable	\$ <u>1,564,738</u>	\$ <u>1,506,073</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 4 - ACCOUNTS RECEIVABLE (Continued)

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

	<u>2024</u>	<u>2023</u>
Medicare	15%	25%
Medicaid	7%	9%
Commercial and other third-party payors	23%	25%
Blue Cross	15%	10%
Patients	<u>40%</u>	<u>31%</u>
	<u>100%</u>	<u>100%</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 5 - CAPITAL ASSETS

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

	December 31, 2023	Additions	Dispositions	Transfers	December 31, 2024
Nondepreciable capital assets					
Land	\$ 149,840	\$ -0-	\$ -0-	\$ -0-	\$ 149,840
Construction in progress	<u>2,443,847</u>	<u>11,504,368</u>	<u>-0-</u>	<u>-0-</u>	<u>13,948,215</u>
Total nondepreciable capital assets	\$ <u>2,593,687</u>	\$ <u>11,504,368</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>14,098,055</u>
Depreciable capital assets					
Land improvements	\$ 72,798	\$ -0-	\$ -0-	\$ -0-	\$ 72,798
Leasehold improvements	22,583	-0-	-0-	-0-	22,583
Buildings	2,863,104	13,250	-0-	-0-	2,876,354
Fixed equipment	490,881	15,087	-0-	-0-	505,968
Major moveable equipment	3,186,141	303,365	-0-	-0-	3,489,506
Transportation equipment	87,344	-0-	-0-	-0-	87,344
Minor equipment	<u>300</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>300</u>
Total depreciable capital assets	6,723,151	331,702	-0-	-0-	7,054,853
Accumulated depreciation	<u>4,981,598</u>	<u>276,646</u>	<u>-0-</u>	<u>-0-</u>	<u>5,258,244</u>
Total depreciable capital assets, net	\$ <u>1,741,553</u>	\$ <u>55,056</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,796,609</u>
Right-of-use capital assets					
Equipment	\$ 565,453	\$ -0-	\$ 31,332	\$ -0-	\$ 534,121
Accumulated amortization	<u>382,126</u>	<u>50,227</u>	<u>31,332</u>	<u>-0-</u>	<u>401,021</u>
Total right-of-use capital assets, net	\$ <u>183,327</u>	\$ <u>(50,227)</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>133,100</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 5 - CAPITAL ASSETS (Continued)

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

	December 31, 2022	Additions	Dispositions	Transfers	December 31, 2023
Nondepreciable capital assets					
Land	\$ 149,840	\$ -0-	\$ -0-	\$ -0-	\$ 149,840
Construction in progress	405,370	2,038,477	-0-	-0-	2,443,847
Total nondepreciable capital assets	\$ 555,210	\$ 2,038,477	\$ -0-	\$ -0-	\$ 2,593,687
Depreciable capital assets					
Land improvements	\$ 72,798	\$ -0-	\$ -0-	\$ -0-	\$ 72,798
Leasehold improvements	22,583	-0-	-0-	-0-	22,583
Buildings	2,852,645	10,459	-0-	-0-	2,863,104
Fixed equipment	455,186	35,695	-0-	-0-	490,881
Major moveable equipment	3,138,335	47,806	-0-	-0-	3,186,141
Property held for capital lease	-0-	-0-	-0-	-0-	-0-
Transportation equipment	87,344	-0-	-0-	-0-	87,344
Minor equipment	300	-0-	-0-	-0-	300
Total depreciable capital assets	6,629,191	93,960	-0-	-0-	6,723,151
Accumulated depreciation	4,754,031	227,567	-0-	-0-	4,981,598
Total depreciable capital assets, net	\$ 1,875,160	\$ (133,607)	\$ -0-	\$ -0-	\$ 1,741,553
Right-of-use capital assets					
Equipment	\$ 565,453	\$ -0-	\$ -0-	\$ -0-	\$ 565,453
Accumulated amortization	328,212	53,914	-0-	-0-	382,126
Total right-of-use capital assets, net	\$ 237,241	\$ (53,914)	\$ -0-	\$ -0-	\$ 183,327

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 6 - SUBSCRIPTION ASSETS

The following is a summary of subscription-based information technology arrangements for intangible assets and related accumulated amortization for the years ended December 31, 2024 and 2023:

	December 31, 2023	Additions	Dispositions	Transfers	December 31, 2024
Subscription-based assets	\$ 679,124	\$ 61,234	\$ 36,409	\$ -0-	\$ 703,949
Accumulated amortization	<u>215,009</u>	<u>129,649</u>	<u>36,409</u>	<u>-0-</u>	<u>308,249</u>
Total subscription-based assets, net	\$ <u>464,115</u>	\$ <u>(68,415)</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>395,700</u>
	December 31, 2022	Additions	Dispositions	Transfers	December 31, 2023
Subscription-based assets	\$ 650,007	\$ 29,117	\$ -0-	\$ -0-	\$ 679,124
Accumulated amortization	<u>96,207</u>	<u>118,802</u>	<u>-0-</u>	<u>-0-</u>	<u>215,009</u>
Total subscription-based assets, net	\$ <u>553,800</u>	\$ <u>(89,685)</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>464,115</u>

NOTE 7 - OTHER ASSETS

Other assets consist of the following:

	<u>2024</u>	<u>2023</u>
Meter deposits	\$ <u>1,814</u>	\$ <u>1,814</u>
Total	\$ <u>1,814</u>	\$ <u>1,814</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 8 - LIMITED-USE ASSETS

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

	<u>2024</u>	<u>2023</u>
<u>Restricted by third-parties</u>		
Bond paying agent fund	\$ 106	\$ 101
Bond contingency fund	74,497	69,238
LHA trust deposits	-0-	72,883
Bond fund	2,004,460	3,883,165
Construction fund	10,940,329	20,662,190
Equity fund	6,664,221	6,358,229
Debt service reserve	2,583,276	2,465,016
DPP funds	<u>1,500</u>	<u>1,500</u>
Total restricted by third-parties	22,268,389	33,512,322
<u>Restricted by board</u>		
Intergovernmental transfer	<u>100</u>	<u>100</u>
Limited use assets	\$ <u>22,268,489</u>	\$ <u>33,512,422</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
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NOTE 9 - LONG-TERM DEBT

The following is a summary of long-term debt at December 31, 2024 and 2023:

	December 31, 2023	Additions	Payments	December 31, 2024	Due Within One Year
Revenue bonds, Series 2023	\$ 28,000,000	\$ -0-	\$ -0-	\$ 28,000,000	\$ -0-
Total	\$ 28,000,000	\$ -0-	\$ -0-	\$ 28,000,000	\$ -0-

	December 31, 2022	Additions	Payments	December 31, 2023	Due Within One Year
Revenue bonds, Series 2023	\$ -0-	\$ 28,000,000	\$ -0-	\$ 28,000,000	\$ -0-
Revenue bonds, R-1 Series 2013	960,636	-0-	960,636	-0-	-0-
Revenue bonds, R-2 Series 2013	185,340	-0-	185,340	-0-	-0-
Total	\$ 1,145,976	\$ 28,000,000	\$ 1,145,976	\$ 28,000,000	\$ -0-

The following is a summary of the terms and due dates of the District's long-term debt at December 31:

- On November 20, 2013, Series 2013 Hospital Service Bonds, known as R-1, were issued in the principal amount of \$1,550,000, at 3.05%, rate subject to adjustment on the 5th, 10th, and 15th anniversary dates based upon then current 5-year Treasury rate (not to exceed 5% per annum) due in 2033, collateralized by a pledge and dedication of District revenue. As of December 31, 2023 the bond has been paid in full.
- On November 20, 2013, Series 2013 Hospital Service Bonds, known as R-2, were issued in the principal amount of \$450,000, at 3.05%, rate subject to readjustment on the 5th and 10th anniversary dates, due in 2026, collateralized by a pledge and dedication of District revenue. These bonds are further secured by a mortgage. As of December 31, 2023, the bond has been paid in full.
- On December 14, 2023, Series 2023 Revenue Bonds were issued in the principal amounts of \$28,000,000, at 6.75%, rate increases every 5 years, due in 2053. The bonds are being used to build the new hospital and rural health clinic.

The District issued the \$2,000,000 of revenue bonds for the purpose of improving and renovating the Reeves Memorial Medical Center, including equipment, accessories and furnishings, to prepay (refund) the District's outstanding Hospital Revenue Bond, dated August 20, 2002 issued in the principal amount of \$650,000 and cost of issuance of the Bonds.

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NOTE 9 - LONG-TERM DEBT (Continued)

As required by the R-1 and R-2 bond agreements, the District is required to maintain two separate accounts: Sinking Fund and Contingency Fund. The Sinking Fund is required in order to have sufficient monies to pay promptly and fully the principal and interest on the bonds due the next payment day. The Contingency Fund shall have deposited a sum equal to five percent (5%) of the amount being paid monthly into the Sinking Fund to cover depreciation, extensions, additions, improvements and replacements necessary to properly operate Reeves Memorial Medical Center. The sum equal to five percent (5%) of the Sinking Fund will continue until the amount of \$100,000 is deposited into the Contingency Fund. Should the Contingency Fund sum thereafter be reduced to less than \$100,000, monthly payments shall recommence until Contingency Fund balance is \$100,000.

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

<u>Year ending December 31,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ -0-	\$ 2,118,090
2026	300,000	2,118,090
2027	380,000	2,097,840
2028	400,000	2,072,190
2029	430,000	2,045,190
2030-2034	2,590,000	9,744,356
2035-2039	3,615,000	8,676,125
2040-2044	5,110,000	7,108,128
2045-2049	7,245,000	4,835,613
2050-2053	<u>7,930,000</u>	<u>1,589,912</u>
Total	\$ <u>28,000,000</u>	\$ <u>42,405,534</u>

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NOTE 10 - LEASE LIABILITIES

The following is a summary of lease liabilities as of December 31:

	<u>December 31,</u> <u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31,</u> <u>2024</u>	<u>Due Within</u> <u>One Year</u>
Equipment	\$ <u>197,938</u>	\$ <u>-0-</u>	\$ <u>53,381</u>	\$ <u>144,557</u>	\$ <u>41,848</u>
Total	\$ <u>197,938</u>	\$ <u>-0-</u>	\$ <u>53,381</u>	\$ <u>144,557</u>	\$ <u>41,848</u>
	<u>December 31,</u> <u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31,</u> <u>2023</u>	<u>Due Within</u> <u>One Year</u>
Equipment	\$ <u>303,030</u>	\$ <u>-0-</u>	\$ <u>105,092</u>	\$ <u>197,938</u>	\$ <u>53,381</u>
Total	\$ <u>303,030</u>	\$ <u>-0-</u>	\$ <u>105,092</u>	\$ <u>197,938</u>	\$ <u>53,381</u>

The following are the terms and due dates of the District's lease obligations:

- Various lease liability obligation for equipment at imputed interest rates ranging from 5.00% to 6.00% with total monthly payments ranging from \$197 to \$5,275 through December 31, 2028.

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

	<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$	41,848	\$ 6,399	\$ 48,247
2026		42,821	4,244	47,065
2027		34,022	2,111	36,133
2028		25,866	702	26,568
2029		<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Totals	\$	<u>144,557</u>	\$ <u>13,456</u>	\$ <u>158,013</u>

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NOTE 11 - SUBSCRIPTION LIABILITIES

The following is a summary of subscription liabilities as of December 31:

	<u>December 31,</u> <u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31,</u> <u>2024</u>	<u>Due Within</u> <u>One Year</u>
Totals	\$ <u>457,763</u>	\$ <u>61,236</u>	\$ <u>114,229</u>	\$ <u>404,770</u>	\$ <u>123,283</u>
Total	\$ <u>457,763</u>	\$ <u>61,236</u>	\$ <u>114,229</u>	\$ <u>404,770</u>	\$ <u>123,283</u>
	<u>December 31,</u> <u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31,</u> <u>2023</u>	<u>Due Within</u> <u>One Year</u>
Totals	\$ <u>552,047</u>	\$ <u>29,117</u>	\$ <u>123,401</u>	\$ <u>457,763</u>	\$ <u>114,229</u>
Total	\$ <u>552,047</u>	\$ <u>29,117</u>	\$ <u>123,401</u>	\$ <u>457,763</u>	\$ <u>114,229</u>

Scheduled principal and interest payments on subscription liabilities are as follows:

	<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$	123,283	\$ 23,434	\$ 146,717
2026		120,758	15,467	136,225
2027		127,428	7,446	134,874
2028		30,708	681	31,389
2029		<u>2,593</u>	<u>17</u>	<u>2,610</u>
Totals	\$	<u>404,770</u>	\$ <u>47,045</u>	\$ <u>451,815</u>

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NOTE 12 - ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE

Accrued expenses and withholdings payable at December 31 consist of the following:

	<u>2024</u>	<u>2023</u>
Accrued interest	\$ 176,991	\$ 65,903
Accrued health savings account	7,532	-0-
Accrued payroll taxes	431	654
Accrued payroll	<u>78,997</u>	<u>167,801</u>
 Total	 \$ <u>263,951</u>	 \$ <u>234,358</u>

NOTE 13 - COMPENSATED ABSENCES

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

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

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

A summary of compensated absences at December 31, follows:

	<u>2023</u>	<u>Net Change</u>	<u>2024</u>	<u>Current Portion</u>
Vacation time	\$ 434,038	\$ (309)	\$ 433,729	\$ 300,236
Sick time	<u>167,039</u>	<u>5,267</u>	<u>172,306</u>	<u>34,031</u>
 Totals	 \$ <u>601,077</u>	 \$ <u>4,958</u>	 \$ <u>606,035</u>	 \$ <u>334,267</u>

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NOTE 14 - RETIREMENT PLAN

On January 1, 2012, the District instituted the Reeves Memorial Medical Center 457 Plan, which is a defined contribution plan (exempt under Section 457 of the Internal Revenue Code). Security Benefits is the Plan's third-party administrator. At December 31, 2024 and 2023 there were 56 and 57 plan members, respectively. Employees are eligible to participate in the plan beginning on the date of hire, with a maximum contribution of up to 100% of compensation. The contribution limit for those under age 50 is not to exceed \$20,500 and \$20,000 in calendar years 2024 and 2023, respectively. For those 50 or older \$28,000 and \$27,000 are the contribution limits for calendar years 2024 and 2023, respectively. The District has elected to match 100% of the first 2% of the participating employees' compensation deferred to the plan. The District may choose to make annual discretionary non-elective contributions based on the employees' compensation during the plan year. The District holds all rights to change and/or stop its contribution at any time. Employees are immediately vested in their contributions and in the employer match posted to their account.

The District's contributions were \$74,335 and \$73,302, compared to employee contributions of \$231,751 and \$184,168, for the years ended December 31, 2024 and 2023, respectively.

NOTE 15 - NET PATIENT SERVICE REVENUE

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

Medicare - The District became a Medicare "Critical Access Hospital" (CAH) effective December 30, 2005. This designation enables the District to receive cost-based reimbursement for most services provided to Medicare beneficiaries on or after this date, including Swing Bed and rural health clinic services.

The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Most Medicaid outpatient services are reimbursed under a cost reimbursement methodology, while others are paid on a prospectively determined fee schedule. Rural health clinic services were paid based on a prospectively determined rate per visit until June 30, 2008, when it changed to a cost reimbursement methodology. The District is reimbursed at a tentative rate for cost-based services with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary.

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

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NOTE 15 - NET PATIENT SERVICE REVENUE (Continued)

Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 16% of the gross charges for the years ended December 31, 2024 and 2023.

The following is a summary of the District's net patient service revenues for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Gross charges	\$ 25,689,880	\$ 20,645,798
Less charges associated with charity patients	<u>(10,968)</u>	<u>(13,094)</u>
Gross patient service revenue	25,678,912	20,632,704
Add increases in revenue:		
Less deductions from revenue:		
Contractual adjustments	(9,392,758)	(7,731,948)
Policy and other discounts	<u>(238,179)</u>	<u>(263,446)</u>
Patient service revenue (net of contractual adjustments and discounts)	16,047,975	12,637,310
Less provision for bad debt	<u>(2,671,161)</u>	<u>(1,078,931)</u>
Net patient service revenue	\$ <u>13,376,814</u>	\$ <u>11,558,379</u>

The District receives a substantial portion of its revenues from the Medicare and Medicaid programs at discounted rates. The following is a summary of Medicare and Medicaid charges for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Medicare and Medicaid charges	\$ 13,312,676	\$ 9,316,521
Contractual adjustments	<u>(4,874,930)</u>	<u>(3,496,415)</u>
Program patient service revenue	\$ <u>8,437,746</u>	\$ <u>5,820,106</u>
Percent of total gross patient charges	<u>52%</u>	<u>45%</u>
Percent of total net patient revenue	<u>63%</u>	<u>50%</u>

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NOTE 15 - NET PATIENT SERVICE REVENUE (Continued)

The District experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. The adjustments resulted in an increase in net patient service revenue of \$9,139 during 2022.

NOTE 16 - CHARITY CARE

The District provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of charity care or owe a reduced "sliding scale" amount based on the patient's level of income in comparison to the Federal poverty guidelines based on a 200% scale. Accordingly, the District does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies, and other operating expenses. The costs of caring for charity care patients were approximately \$5,473 and \$7,765, in 2024 and 2023, respectively.

NOTE 17 - PROPERTY TAX REVENUE

The District levies property taxes for the maintenance and operation of the facility. The taxes are collected by the Union Parish Sheriff's office for an 8% collection fee. Property tax notices are mailed by November 15 each year and are due by December 31. The lien date is January 31. The special maintenance and operation millage is a ten-year tax assessed on all taxable property within the District at the rate of 10.45 mills. The 5.11 mills tax, which expired December 31, 2015, was renewed for the period 2016 through 2025. The 5.34 mills tax, which expired in 2021, was renewed for the period 2021 through 2031.

NOTE 18 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide medical professional liability coverage to health care providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the PCF, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to \$100,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence.

NOTE 19 - WORKER'S COMPENSATION RISK

The District participates in the Louisiana District Association Self Insurance Worker's Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to

Ward 3, 4 and 10 Hospital Service District
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Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 19 - WORKER'S COMPENSATION RISK

member Districts. The District has included these allocations and equity amounts assigned to the District by the Trust Fund in its financial statements.

NOTE 20 - CONTINGENCIES

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

The principal contingencies are described below:

Governmental Third-Party Reimbursement Programs (Note 15) - The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

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

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

Professional Liability Risk (Note 18) - The District is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

Worker's Compensation Risk (Note 19) - The District carries worker's compensation insurance through the Louisiana District Association Trust Fund. Should the fund's assets not be adequate to cover claims made
Worker's Compensation Risk (Note 19) - The District carries worker's compensation insurance through the

Ward 3, 4 and 10 Hospital Service District
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NOTE 20 – CONTINGENCIES (Continued)

Louisiana District Association Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any.

Litigation and other matters in the ordinary course of business are pending against the District. In the opinion of management and counsel, insurance is sufficient to cover adverse legal determination in the case where liability can be measured.

NOTE 21 - GRANT REVENUE

The District recognized operating grant income of \$10,122 and \$11,072 in years 2024 and 2023, respectively, for Medicaid Physician IPA payments and SHIP Grant.

NOTE 22 - INTERGOVERNMENTAL TRANSFERS-ACCESS GRANTS

The District ("Grantor") collaborated with a rural hospital trade organization ("RHC") to establish a grant program, whereby Grantor entered into cooperative endeavor agreements ("CEAs") with other regional public rural hospitals ("Grantees") to provide intergovernmental transfers-access grant ("IGT") funds to enhance access to adequate and essential medically necessary healthcare services to the rural communities served by Grantees. Grant amounts were calculated based upon schedules prepared by RHC when it was determined that sufficient funds were available to make such IGT grants. The aggregate IGT grant expense is \$0 and \$452,167 for the years ended December 31, 2024 and 2023, respectively.

NOTE 23 - COOPERATIVE ENDEAVOR AGREEMENT

The District has agreed to a cooperative endeavor (CEA) with other like-minded Louisiana hospitals, per Louisiana's Rural Hospital Preservation Act. The intent of this arrangement is to pool District resources across the State to support access to healthcare in rural Louisiana. Under the CEA, the District deposits an amount, determined annually by the Rural Hospital Coalition (RHC), into an account, from which RHC is permitted to withdraw funds and make distributions to participating hospitals using a predetermined formula. Although the payments are formulaic in nature, they are not guaranteed, nor are they directly related to Medicaid reimbursement for the provisions of goods and healthcare services to patients. Accordingly, the deposits with RHC were less than the receipts under this program, resulting in a net amount of \$986,892 and \$891,325 for the years ended December 31, 2024 and 2023, respectively. This was recorded as other operating revenue as access to care payment.

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Of the Parish of Union, State of Louisiana
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Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 24 - MEDICAID SUPPLEMENTAL PAYMENTS

The District entered into an Intergovernmental Transfer Agreement (IGT) with the Louisiana Department of Health (LDH) as part of Louisiana Physician IPA, Inc. which is a physician supplemental program. In fiscal year 2024, the District received approximately \$2,589,701 in Medicaid supplemental payments of which approximately \$2,147,358 was submitted to LDH as an IGT.

For state fiscal years (SFY) 2024 and 2023, the Louisiana Department of Health (LDH) obtained a Medicaid State Plan Amendment (SPA) approval from the Centers for Medicare and Medicaid Services (CMS) to make quarterly supplemental payments to Districts based upon certain assumptions under a directed payment plan (DPP). Annually thereafter, LDH must submit the assumptions to CMS for approval in future years.

The basis for interim supplemental payments is the District's historical paid claims and other factors. In future state fiscal years, actual paid claims and other factors will be used to reconcile interim payments to final settled DPP amounts. LDH anticipates increasing or decreasing future DPP payments by the reconciliation amounts. The District has recognized \$1,091,041 and \$1,391,440 for the years ended December 31, 2024 and 2023, respectively, as Medicaid supplemental income after consideration was given for future adjustments which the District determined necessary. To the extent income recognized in the current period differs from actual results, Medicaid supplemental income will be adjusted.

NOTE 25 - RELATED PARTY

The District has a management agreement with Impact Healthcare Solutions, LLC to manage the District. Additionally, Impact provides billing and collection services. Total amounts paid for these services were \$771,256 and \$627,677, for December 31, 2024 and 2023, respectively.

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Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 26 - CHANGES IN METHOD OF ACCOUNTING

As discussed in Note 2, the Hospital implemented GASB Statement No. 101, *Compensated Absences* on January 1, 2024. In addition to the value of unused vacation time owed to employees upon separation of employment, the District now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the "Restatement – GASB 101 implementation" column in the table below:

	2023 As Previously Reported	Restatement - GASB 101 implementation	2023 As Restated
Accrued vacation payable	\$ 398,409	\$ (398,409)	\$ -0-
Compensated absences (short-term)	\$ -0-	\$ 333,440	\$ 333,440
Compensated absences (long-term)	\$ -0-	\$ 267,637	\$ 267,637
Net position (unrestricted)	\$ 7,268,116	\$ (202,668)	\$ 7,065,448
Salaries and benefits	\$ 6,622,411	\$ (19,348)	\$ 6,603,063

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NOTE 27 – REEVES MEMORIAL MEDICAL CENTER FOUNDATION (AFFILIATE)

The accompanying combined financial statements include the accounts of the Foundation. The Foundation revenues of \$21,933 are included in other revenues and expenses of \$1,372 are included in other expenses, for the year ended December 31, 2024.

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 41,829	\$ 21,268
Total assets	\$ <u>41,829</u>	\$ <u>21,268</u>
LIABILITIES AND NET ASSETS		
Net assets	\$ 21,268	\$ 21,268
Total liabilities and net assets	\$ <u>21,268</u>	\$ <u>21,268</u>
	<u>2024</u>	<u>2023</u>
REVENUE		
Contribution revenue	\$ 21,888	\$ 22,290
Interest income	45	-0-
Total revenue	<u>21,933</u>	<u>22,290</u>
EXPENSES		
Fundraising and administrative expense	<u>1,372</u>	<u>1,022</u>
Excess of revenue over expenses	<u>20,561</u>	<u>21,268</u>
Beginning net assets	<u>21,268</u>	<u>-0-</u>
Ending net assets	\$ <u>41,829</u>	\$ <u>21,268</u>

NOTE 28 - SUBSEQUENT EVENT

Management has evaluated subsequent events through the date the financial statements were to be issued, June 27, 2025, and determined that the only material event is the \$1,059,045 bond interest payment made on June 2, 2025.

SUPPLEMENTARY INFORMATION

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
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Schedules of Net Patient Service Revenue
Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Daily patient services:		
Room and board	\$ 512,472	\$ 413,663
Swing	<u>1,719,125</u>	<u>972,809</u>
Total daily patient services	<u>2,231,597</u>	<u>1,386,472</u>
Other professional services:		
Radiology	4,959,005	3,833,871
Laboratory	4,159,673	3,126,976
Blood	21,544	19,629
Respiratory therapy	445,238	50,219
Physical therapy	2,250,146	1,947,049
Occupational therapy	1,574,496	1,343,176
Speech therapy	139,809	115,897
EKG	109,346	53,157
Medical supply	101,282	137,068
Pharmacy	4,603,051	4,650,664
Rural health clinic	2,069,822	1,623,030
Wound care	3,181	2,121
Emergency room	2,997,440	2,339,469
Monitor	<u>24,250</u>	<u>17,000</u>
Total other professional services	<u>23,458,283</u>	<u>19,259,326</u>
Gross charges	25,689,880	20,645,798
Less charges associated with charity patients	<u>10,968</u>	<u>13,094</u>
Gross patient service revenue	25,678,912	20,632,704
Deductions from revenue:		
Medicare and Medicaid contractual adjustments	4,874,930	3,496,415
Other contractual adjustments	4,517,828	4,235,533
Policy and other discounts	<u>238,179</u>	<u>263,446</u>
Patient service revenue (net of contractual adjustments and discounts)	16,047,975	12,637,310
Less provision for bad debt	<u>2,671,161</u>	<u>1,078,931</u>
Net patient service revenue less provision for bad debt	\$ <u>13,376,814</u>	\$ <u>11,558,379</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Other Operating Revenue
Years Ended December 31,

	<u>2024</u>	<u>2023</u>
HPSA incentive	\$ 121,754	\$ 23,381
Dietary revenue	73,133	56,885
Discounts taken	67,864	86,220
Pharmacy revenue	2,226	1,390
340B pharmaceutical program	653,437	617,329
Contribution revenue	21,888	22,290
Administrative processing fee	140,400	20,038
Access to care payments	986,892	891,325
Miscellaneous revenue	<u>66,898</u>	<u>39,921</u>
 Total other revenue	 \$ <u>2,134,492</u>	 \$ <u>1,758,779</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Expenses – Salaries and Benefits
Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Administration	\$ 712,448	\$ 578,350
Plant maintenance	78,942	101,460
Housekeeping	125,083	105,972
Dietary	202,198	190,957
Nursing administration	116,929	109,554
Health information	186,876	185,697
Nursing services	1,670,158	1,348,682
Radiology	395,257	327,627
Laboratory	532,379	370,364
Respiratory therapy	58,608	48,357
EKG and EEG	11,498	9,568
Central supply	28,027	33,727
Pharmacy	256,882	235,016
Rural health clinic	1,324,901	1,054,912
Emergency room	<u>1,101,811</u>	<u>950,241</u>
 Total salaries	 <u>6,801,997</u>	 <u>5,650,484</u>
 Payroll taxes	 495,262	 384,425
Health/life insurance	583,869	445,303
457 matching contribution	74,335	73,302
Worker's compensation	<u>42,659</u>	<u>49,549</u>
 Total benefits	 <u>1,196,125</u>	 <u>952,579</u>
 Total salaries and benefits	 \$ <u><u>7,998,122</u></u>	 \$ <u><u>6,603,063</u></u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Expenses – Medical Supplies and Drugs
Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Nursing services	\$ 92,855	\$ 110,535
Radiology	1,246	-0-
Laboratory	-0-	5,365
Blood	9,548	1,325
Respiratory therapy	13,714	9,275
Pharmacy	1,630,678	1,749,593
Rural health clinic	<u>8,768</u>	<u>11,745</u>
 Total medical supplies and drugs	 \$ <u><u>1,756,809</u></u>	 \$ <u><u>1,887,838</u></u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Expenses – Professional Fees
Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Plant maintenance	\$ -0-	\$ 246
Nursing	240,437	22,997
Radiology	297,901	115,805
Laboratory	180,821	306,627
Physical therapy	531,928	431,200
Occupational therapy	363,889	279,216
Speech therapy	120,723	83,784
Cardiology	53,424	2,619
Pharmacy	39,143	29,274
Rural health clinic	15,000	29,575
Emergency room	<u>625,535</u>	<u>591,193</u>
 Total professional fees	 \$ <u><u>2,468,801</u></u>	 \$ <u><u>1,892,536</u></u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Expenses – Other Expenses
Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Purchased services	\$ 1,034,757	\$ 832,247
Accounting and legal	103,800	130,892
Non medical supplies	454,070	348,863
Repairs and maintenance	491,413	499,792
Utilities	107,194	102,000
Telephone	63,921	68,681
Travel	26,455	21,216
Rentals	30,290	30,131
Training	13,412	15,702
Promotion and advertising	25,518	14,540
Licensing and publications	68,650	59,367
Miscellaneous	216,408	171,042
Foundation fundraising and special events	1,372	1,022
Tax assessor fees	<u>10,348</u>	<u>8,938</u>
 Total other expenses	 \$ <u>2,647,608</u>	 \$ <u>2,304,433</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Per Diem and Other Compensation Paid to Board Members
Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Board members:		
Penya Moses	\$ 320	\$ 400
Mike Holley	-0-	320
Jennifer Lenard	320	360
Edwin Watley	-0-	200
Christopher Adkins	240	160
Sharon Hays	320	120
Mark Deason	360	-0-
Michael Brandon	-0-	160
	<hr/>	<hr/>
Total	\$ <u>1,560</u>	\$ <u>1,720</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedule of Compensation, Benefits, and Other Payments
To Chief Executive Officer
Year Ended December 31, 2024

Agency Head Name:	David Caston
Position:	CEO
Time Period:	January 1, 2024 to December 31, 2024

<u>Purpose</u>	<u>Amount</u>
Salary	162,500
Health insurance	-0-
Retirement	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	2,453
Registration fees	445
Conference travel	1,896
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-



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(1949-2023)

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

To the Board of Commissioners
Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Bernice, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ward 3, 4 and 10 Hospital Service District of the Parish of Union, State of Louisiana d/b/a Reeves Memorial Medical Center (the "District"), a component unit of the Union Parish Police Jury, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 27, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002 and 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

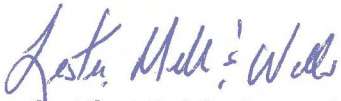
The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountants
Alexandria, Louisiana

June 27, 2025



Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedule of Current Year Findings and Questioned Costs
Year Ended December 31, 2024

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified opinion on financial statements prepared in accordance with generally accepted accounting principles (GAAP)

Internal control over financial reporting:

- Material weaknesses identified – Yes
- Significant deficiencies identified – No

Compliance:

- Noncompliance issues noted – No

Management letter issued – No

Section II. Financial Statement Findings

Finding 2024-001 – Third-Party Settlements

Criteria: Management should reconcile third-party settlement accounts schedules that include all cost report balances.

Condition: Management did not reconcile third-party settlement balance to schedules that include cost report settlement balance for all outstanding cost report year.

Cause: Managements third party balances were understated by previous year cost report amounts.

Effect: An adjustment of \$710,953 was made to post settlements to the accounts.

Recommendation: We recommend updating Medicare and Medicaid schedules as cost reports are finalized or payments are made.

Management Response: Management will prepare Medicare and Medicaid schedules and reconcile to the schedules.

Finding 2024-002 – New Accounting Pronouncement

Criteria: New accounting pronouncements should be implemented in the year that they become effective.

Condition: GASB 101, *Compensated Absences*, became effective January 1, 2024 for the District's reporting period. The implementation of the new GASB pronouncement was not completed until June 2025.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedule of Current Year Findings and Questioned Costs
Year Ended December 31, 2024

Finding 2024-002 - New Accounting Pronouncement (Continued)

Cause: The data to calculate sick time accrual and wage related cost were not collected in time to calculate the necessary liabilities.

Effect: Liabilities were understated by approximately \$207,000.

Recommendation: We recommend that future implementation of new accounting pronouncements be completed during the year in which they go into effect.

Management Response: Management will implement the GASB 101 in July 2025. Additionally, management will ensure new accounting pronouncements are implemented in a timely manner.

Finding 2024-003 – Net Patient Service Revenue

Criteria: Medicare and Medicaid allowance percentages should be updated and management is required to use all account receivable balances should be included when calculating allowances

Condition: Management did not use updated Medicare and Medicaid percentages to calculate adjustments and the account receivable balances from the old computer system were not included in the allowance calculations.

Cause: Managements calculations were understated due to outdated and missing data.

Effect: An adjustment of \$683,223 was made to correct allowance and adjustment accounts.

Recommendation: We recommend updating Medicare and Medicaid percentages and include old account receivable balances from old computer system.

Management Response: Management will consider writing off old accounts and will update percentages timely.

Section III. Federal Award Findings

Not applicable

Section IV. Management Letter

Not applicable

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2024

Section I. Financial Statement Findings

Finding 2023-001 – Third-Party Settlements

Criteria: An estimate for Medicare and Medicaid cost report settlement should be estimated and recorded as either an asset or liability.

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

Cause: Management elected not to record an estimate.

Effect: An adjustment of \$447,408 was made to post settlements to the accounts.

Recommendation: We recommend making interim estimates and recording a receivable or payable for the current year Medicare and Medicaid cost report settlements.

Management Response: Management will consider preparing an estimate for Medicare and Medicaid cost settlements.

Finding 2023-002 – New Accounting Pronouncement

Criteria: New accounting pronouncements should be implemented in the year that they become effective.

Condition: GASB 96, *Subscription-Based Information Technology Arrangements* (SBITA), became effective January 1, 2023 for the District's reporting period. The implementation of the new GASB pronouncement was not completed until June 2024.

Cause: The contracts for the subscription-based information technology arrangements were not gathered in a timely manner to complete the calculations.

Effect: Both assets and liabilities were understated by approximately \$600,000.

Recommendation: We recommend that future implementation of new accounting pronouncements be completed during the year in which they go into effect.

Management Response: Management will implement the GASB 96 in July 2024. Additionally, management will ensure new accounting pronouncements are implemented in a timely manner.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2024

Section II. Federal Award Findings

Not applicable

Section III. Management Letter

Not applicable