

ALLEN PARISH HOSPITAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
JUNE 30, 2025 AND 2024



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

Hospital Service District No. 3
Of the Parish of Allen, State of Louisiana
d/b/a Allen Parish Hospital
Hospital Enterprise Fund
Years Ended June 30, 2025 and 2024

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Allen Parish Hospital
Kinder, Louisiana

Management's Discussion and Analysis

This section of the annual financial report for Hospital Service District No. 3, Parish of Allen, State of Louisiana d/b/a Allen Parish Hospital (the Hospital) provides an overview of the Hospital's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the financial statements in this report,

Financial Highlights

- The Hospital's total assets increased by approximately \$2,814,000 in 2025 and \$13,902,000 in 2024. In total, nondepreciable and depreciable assets increased by approximately \$3.8 million in 2025 as the Hospital continues to invest in a new hospital facility. Current assets decreased by approximately \$1.6 million due to a decrease in limited use assets of \$3.5 million and an increase in net patient accounts receivable of \$1.1 million in 2025.
- The Hospital's total liabilities increased by approximately \$3,673,000 in 2025 and \$12,767,000 in 2024. Long-term liabilities increased by \$4.3 million due to additional long-term debt drawn during the year to support construction of the new hospital facility. Current liabilities decreased slightly due to a decrease in accounts payable of approximately \$706,000 in 2025.
- Total operating revenue for the Hospital increased by approximately \$4,008,000 in 2025 and \$1,724,000 in 2024. Operating expenses increased by approximately \$6,761,000 in 2025 and \$1,206,000 in 2024. The Hospital experienced an operating loss of \$2,135,721 for fiscal year 2025 compared to operating income of \$618,087 for fiscal year 2024.

Using This Annual Report

The Hospital's financial statements consist of three statements – a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These financial statements and related notes provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by contributors, grantors, or enabling legislation. The Hospital is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

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

One of the most important questions asked about the Hospital's finances is, "Is the Hospital as a whole better or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses and changes in net position report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net position and changes in them. The Hospital's net position – the difference between assets and liabilities – is one measure of the Hospital's financial health, or financial position. Over time, increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Hospital's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the overall financial health of the Hospital.

Allen Parish Hospital
Kinder, Louisiana

Management's Discussion and Analysis

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

Net Position

The Hospital's net position is the difference between its assets and liabilities reported in the balance sheet. The financial highlights discuss the changes in assets and liabilities as presented in Table 1 below:

TABLE 1
Condensed Statements of Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total current assets	\$ 11,428,665	\$ 13,059,049	\$ 10,698,476
Limited-use assets	450,701	-0-	-0-
Nondepreciable capital assets (Note 5)	849,924	17,716,585	6,588,436
Depreciable capital assets, net (Note 5)	28,629,156	7,941,597	7,792,451
Right-of-use capital assets, net (Note 5)	266,163	20,910	41,435
Subscription assets, net (Note 6)	<u>285,373</u>	<u>358,240</u>	<u>73,311</u>
 Total assets	 \$ <u>41,909,982</u>	 \$ <u>39,096,381</u>	 \$ <u>25,194,109</u>
 Current liabilities			
Other current liabilities	\$ 9,430,559	\$ 10,211,541	\$ 8,072,569
Compensated absences	452,365	325,530	-0-
Lease and subscription liabilities	227,652	165,579	101,272
Total current liabilities	<u>10,110,576</u>	<u>10,702,650</u>	<u>8,173,841</u>
 Long-term liabilities			
Compensated absences	180,258	114,325	-0-
Lease and subscription liabilities	282,974	154,009	16,032
Long-term debt	<u>17,014,713</u>	<u>12,944,507</u>	<u>2,959,018</u>
Total long-term liabilities	<u>17,477,945</u>	<u>13,212,841</u>	<u>2,975,050</u>
 Total liabilities	 <u>27,588,521</u>	 <u>23,915,491</u>	 <u>11,148,891</u>
 Net position			
Invested in capital assets, net of related debt	12,048,619	11,586,997	10,448,877
Restricted	462,709	1,191,240	419,868
Unrestricted	<u>1,810,133</u>	<u>2,402,653</u>	<u>3,176,473</u>
 Total net position	 <u>14,321,461</u>	 <u>15,180,890</u>	 <u>14,045,218</u>
 Total liabilities and net position	 \$ <u>41,909,982</u>	 \$ <u>39,096,381</u>	 \$ <u>25,194,109</u>

Allen Parish Hospital
Kinder, Louisiana

Management's Discussion and Analysis

Revenues, Expenses and Changes in Net Position

The following table presents a summary of the Hospital's revenues, expenses and changes in net position for the fiscal years ended June 30:

TABLE 2
Condensed Statements of Revenue, Expenses and Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Revenues:			
Net patient service revenue	\$ 19,654,246	\$ 16,844,534	\$ 14,850,661
Other revenue	8,782,144	7,584,348	7,853,855
Total operating revenues	<u>28,436,390</u>	<u>24,428,882</u>	<u>22,704,516</u>
Expenses:			
Salaries and employee benefits	12,844,394	10,579,851	8,718,813
Supplies and other	1,666,243	1,259,687	942,619
Professional, mgt. and consulting fees	7,451,536	6,059,407	6,046,298
Other expenses	6,661,079	4,891,362	5,976,506
Insurance	419,329	297,740	324,184
Depreciation and amortization	1,529,530	722,748	595,884
Total operating expenses	<u>30,572,111</u>	<u>23,810,795</u>	<u>22,604,304</u>
Net operating income (loss)	<u>(2,135,721)</u>	<u>618,087</u>	<u>100,212</u>
Property taxes	884,552	889,863	894,931
COVID-19 awards	-0-	-0-	1,047,433
Interest expense	(900,582)	(479,024)	(55,248)
Interest income	229,183	316,401	184,010
Gain (loss) on disposal of assets	-0-	(71,587)	53
Changes in net position before capital grants	<u>(1,922,568)</u>	<u>1,273,740</u>	<u>2,171,391</u>
Capital grants	1,063,139	-0-	-0-
Changes in net position	<u>(859,429)</u>	<u>1,273,740</u>	<u>2,171,391</u>
Beginning net position	<u>15,180,890</u>	<u>14,045,218</u>	<u>11,873,827</u>
Prior period adjustment	-0-	(138,068)	-0-
Ending net position	<u>\$ 14,321,461</u>	<u>\$ 15,180,890</u>	<u>\$ 14,045,218</u>

Allen Parish Hospital
Kinder, Louisiana

Management's Discussion and Analysis

Operating Income

The first component of the overall change in the Hospital's net position is its operating income (loss) – generally, the difference between net patient service revenue and other revenue, and the expenses incurred to perform those services. The Hospital reported an operating loss of \$2,135,721 in 2025, compared to operating income of \$618,087 in 2024 and \$100,212 in 2023. In each of the past two years, operating revenues have increased in large part due to the net patient revenue and Medicaid supplemental revenue. Operating revenue for 2025 increased by \$4,007,508 or 16.4%, compared to an increase of \$1,724,366 or 7.6% in 2024.

Total salaries and benefits expense increased \$2,264,543 or 21.4% in 2025 and \$1,861,038 or 21.4% in 2024. Total salaries and benefits have increased over the past three years. As a percentage of net patient service revenue, salary and benefit expense was approximately 65.4% and 62.8% for the fiscal years ended June 30, 2025 and 2024, respectively. During 2025, the Hospital began offering surgical services, which required additional physician, clinical and support personnel. In addition, management implemented wage adjustments to remain competitive and to attract and retain qualified staff. These actions helped reduce reliance on higher-cost contract labor; however, they also contributed to the year-over-year growth in salary and benefit costs.

The rate of health care inflation has a direct effect on the cost of services provided by the Hospital. A component of the Hospital's costs is expenses for medical and professional services. In 2025, medical and professional services costs totaled \$7.5 million or 24.4% of total operating expenses and an increase of 23.0% over 2024. In 2024, these expenses totaled \$6.1 million or 25.5% of total expenses and an increase of 0.2% over 2023.

Sources of Revenues

Net Patient Service Revenue

During fiscal year 2025, the Hospital 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 Hospital's facilities. 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. Net patient service revenue increased by \$2,809,712, or 16.7% in 2025 and \$1,993,873, or 13.4% in 2024.

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended June 30:

TABLE 3
Payor Mix by Percentage

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Medicare	22.4%	23.3%	25.1%
Medicaid	37.2%	37.3%	38.9%
Commercial	37.0%	36.5%	32.7%
Selfpay and other	<u>3.4%</u>	<u>2.9%</u>	<u>3.3%</u>
Total patient revenue	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Allen Parish Hospital
Kinder, Louisiana

Management's Discussion and Analysis

Other Revenue

Other revenue includes Medicaid supplemental payments, 340B program revenue, cafeteria sales, operating grants and other miscellaneous services. Other revenue increased by \$1,197,796, or 15.8% in 2025, compared to a decrease of \$269,507 or 3.4%, in 2024.

TABLE 4
Other Operating Revenues

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Dietary sales	\$ 92,611	\$ 68,186	\$ 52,859
Medical records transcript fees	6,338	5,078	10,776
Grant income	75,553	85,785	188,840
Medicaid supplemental payments	7,129,659	5,743,759	6,023,750
340B pharmaceutical program	1,257,769	1,472,926	1,360,485
Rental income	3,470	3,173	14,072
Other income	<u>216,744</u>	<u>205,441</u>	<u>203,073</u>
 Total other operating revenue	 <u>\$ 8,782,144</u>	 <u>\$ 7,584,348</u>	 <u>\$ 7,853,855</u>

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist of property taxes levied by the Hospital, interest expense, interest income, and capital grants. Interest expense increased by approximately \$422,000 and \$424,000 in 2025 and 2024, respectively, due to drawing down interim financing for construction of a new hospital facility.

The Hospital received capital outlay grant proceeds from the State of Louisiana totaling \$954,795, net of fees, in 2025 to fund capital projects.

Operating and Financial Performance

Acute patient discharges decreased to 411 in 2025 compared to 455 in 2024. Patient discharges for the behavioral health unit (psychiatric) increased to 798 in 2025, compared to 741 in 2024. Total patient days decreased by 0.7% to 8,203 in 2025 from 8,267 in 2024.

The average length of stay for acute patients increased during 2025 to 3.4 days, compared to 3.2 days in 2024. The average length of stay for swing bed patients increased to 14.8 in 2025, compared to 12.9 in 2024. The average length of stay for psychiatric care during fiscal year 2025 was 7.7 days, compared to 8.3 days in 2024.

Net days in accounts receivable increased to 50.8 in 2025 compared to 35.7 days in 2024.

Allen Parish Hospital
Kinder, Louisiana

Management's Discussion and Analysis

Capital Assets

The Hospital's capital assets activities are included in Table 5 below:

TABLE 5
Capital Assets

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Nondepreciable Capital Assets			
Land	\$ 263,649	\$ 263,649	\$ 263,649
Construction in progress	586,275	17,452,936	6,324,787
Total nondepreciable capital assets	<u>\$ 849,924</u>	<u>\$ 17,716,585</u>	<u>\$ 6,588,436</u>
Depreciable Capital Assets			
Land improvements	\$ 3,286,496	\$ 2,052,918	\$ 2,038,318
Buildings & improvements	24,088,541	6,827,548	6,597,057
Fixed equipment	1,431,337	1,105,501	1,031,155
Major movable equipment	6,898,251	4,590,051	5,672,075
Total depreciable capital assets	35,704,625	14,576,018	15,338,605
Less accumulated depreciation and amortization	7,075,469	6,634,421	7,546,154
Total depreciable capital assets, net	<u>\$ 28,629,156</u>	<u>\$ 7,941,597</u>	<u>\$ 7,792,451</u>
Right-of-use Capital Assets			
Equipment	\$ 310,374	\$ 112,548	\$ 155,075
Less accumulated amortization	44,211	91,638	113,640
Total right-of-use capital assets, net	<u>\$ 266,163</u>	<u>\$ 20,910</u>	<u>\$ 41,435</u>
Subscription Assets			
Subscription Assets	\$ 566,201	\$ 509,781	\$ 161,581
Less accumulated amortization	280,828	151,541	88,270
Total subscription-based assets, net	<u>\$ 285,373</u>	<u>\$ 358,240</u>	<u>\$ 73,311</u>

At the end of 2025, the Hospital had \$30.0 million invested in capital assets, net of accumulated depreciation and amortization, as detailed in Notes 5 and 6 to the financial statements. During fiscal year 2025, the Hospital invested approximately \$5.6 million in capital assets, primarily related to the ongoing construction of the new hospital facility and replacement of equipment.

Depreciation and amortization expense increased by \$806,782 in fiscal year 2025 and \$126,864 in fiscal year 2024. The increase in 2025 is due to the addition of newly constructed hospital buildings and equipment.

Allen Parish Hospital
Kinder, Louisiana

Management's Discussion and Analysis

Debt, Lease and Subscription Liabilities

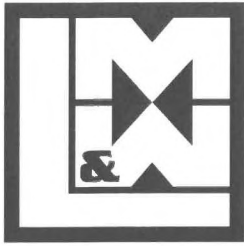
As of June 30, 2025 and 2024, the Hospital had \$17,014,713 and \$12,944,507 in long-term debt consisting of Revenue Bonds and Bond Anticipation Notes.

Subsequent to year end, the Hospital converted its interim construction financing to permanent long-term financing. The permanent financing consists of a USDA loan and note payable. The conversion resulted in no material change to the total outstanding principal; however, the terms of the permanent financing include revised interest rates, amortization schedules, and maturity dates consistent with the final loan agreements.

The Hospital had \$281,039 and \$22,887 in short-term and long-term lease obligation liabilities as of June 30, 2025 and 2024, respectively. Additionally, the Hospital had \$229,587 and \$296,701 in short-term and long-term subscription liabilities as of June 30, 2025 and 2024, respectively. More detailed information about the Hospital's long-term liabilities is presented in the notes to financial statements.

Contacting the Hospital's Financial Management

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



LESTER, MILLER & WELLS

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Hospital Service District No. 3
Parish of Allen, State of Louisiana
Kinder, Louisiana

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Hospital Service District No. 3, Parish of Allen, State of Louisiana, Allen Parish Hospital (the Hospital), a component unit of the Allen Parish Police Jury, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2025, and the changes in its financial position and its cash flows for the year 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 in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adjustments to Prior Period Financial Statements

The financial statements of the Hospital as of June 30, 2024, were audited by other auditors whose report dated December 19, 2024, expressed an unmodified opinion on those financial statements. As discussed in Note 21 to the financial statements, the Hospital retrospectively applied a change in accounting for compensated absences under GASB Statement No. 101 and restated the 2024 financial statements to correct a misstatement. The other auditors reported on the 2024 financial statements prior to the retrospective application and restatement.

As part of our audit of the 2025 financial statements, we also audited the adjustments described in Note 21 that were applied to restate the 2024 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the Hospital other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Board of Commissioners
Hospital Service District No. 3
Parish of Allen, State of Louisiana
Kinder, Louisiana
Page Four

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025, on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Costa, Miller & WMS

Certified Public Accountants
Alexandria, Louisiana

December 31, 2025



Allen Parish Hospital
Statements of Net Position
June 30,

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash and cash equivalents (Note 3)	\$ 725,049	\$ 1,619,172
Short-term investments	2,250,517	2,653,564
Limited-use assets (Note 7)	2,212,008	5,738,547
Patient accounts receivable, net of estimated uncollectibles (Note 4)	2,733,696	1,645,356
Estimated third-party payor settlements	1,725,547	410,379
Other receivables	926,081	505,031
Inventory	509,587	229,169
Prepaid expenses	<u>346,180</u>	<u>257,831</u>
 Total Current Assets	 <u>11,428,665</u>	 <u>13,059,049</u>
Non-Current Assets:		
Limited-use assets (Note 7)	450,701	-0-
Nondepreciable capital assets (Note 5)	849,924	17,716,585
Depreciable capital assets, net (Note 5)	28,629,156	7,941,597
Right-of-use capital assets, net (Note 5)	266,163	20,910
Subscription assets, net (Note 6)	<u>285,373</u>	<u>358,240</u>
 Total Assets	 <u>\$ 41,909,982</u>	 <u>\$ 39,096,381</u>

See accompanying notes to financial statements.

Allen Parish Hospital
Statements of Net Position (Continued)
June 30,

	<u>2025</u>	<u>2024</u>
Liabilities and Net Position		
Current Liabilities:		
Accounts payable	\$ 3,587,699	\$ 4,294,022
Accrued expenses	881,522	621,537
Estimated third-party payor settlements	217,153	216,823
Intergovernmental transfers-access grant payable	225,000	562,974
Unearned revenue	4,519,185	4,516,185
Current portion of compensated absences (Note 8)	452,365	325,530
Current portion of lease liabilities (Note 10)	61,683	19,743
Current portion of subscription liabilities (Note 11)	<u>165,969</u>	<u>145,836</u>
 Total Current Liabilities	 <u>10,110,576</u>	 <u>10,702,650</u>
Long-term Liabilities:		
Compensated absences (Note 8)	180,258	114,325
Lease liabilities (Note 10)	219,356	3,144
Subscription liabilities (Note 11)	63,618	150,865
Long-term debt (Note 9)	<u>17,014,713</u>	<u>12,944,507</u>
 Total Liabilities	 <u>27,588,521</u>	 <u>23,915,491</u>
Net Position:		
Invested in capital assets, net of related debt	12,048,619	11,586,997
Restricted	462,709	1,191,240
Unrestricted	<u>1,810,133</u>	<u>2,402,653</u>
 Total Net Position	 <u>14,321,461</u>	 <u>15,180,890</u>
 Total Liabilities and Net Position	 <u>\$ 41,909,982</u>	 <u>\$ 39,096,381</u>

See accompanying notes to financial statements.

Allen Parish Hospital
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30,

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Net patient service revenue	\$ 19,654,246	\$ 16,844,534
Grant income	75,553	85,785
Medicaid supplemental payments (Note 18)	7,129,659	5,743,759
Other operating revenues	<u>1,576,932</u>	<u>1,754,804</u>
Total Operating Revenues	<u>28,436,390</u>	<u>24,428,882</u>
Operating expenses:		
Salaries and wages	10,662,333	8,749,575
Benefits and payroll tax	2,182,061	1,830,276
Medical supplies and drugs	1,666,243	1,259,687
Professional fees, management and consulting fees	7,451,536	6,059,407
Other expenses	6,661,079	4,891,362
Insurance	419,329	297,740
Depreciation and amortization	<u>1,529,530</u>	<u>722,748</u>
Total Operating Expenses	<u>30,572,111</u>	<u>23,810,795</u>
Operating Income (Loss)	(2,135,721)	618,087
Nonoperating Revenues (Expenses):		
Property taxes	884,552	889,863
Interest expense	(900,582)	(479,024)
Interest income	229,183	316,401
Gain (loss) on disposal of assets	<u>-0-</u>	<u>(71,587)</u>
Changes in net position before capital grants	(1,922,568)	1,273,740
Capital grants	<u>1,063,139</u>	<u>-0-</u>
Changes in net position	(859,429)	1,273,740
Beginning net position	<u>15,180,890</u>	<u>13,907,150</u>
Ending net position	\$ <u>14,321,461</u>	\$ <u>15,180,890</u>

See accompanying notes to financial statements.

Allen Parish Hospital
Statements of Cash Flows
Years Ended June 30,

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received from patients and third-party payors	\$ 17,251,068	\$ 16,557,453
Other operating cash receipts	8,361,094	8,474,167
Cash paid to governmental entities	(337,974)	(338,724)
Cash paid to suppliers	(17,273,277)	(10,050,568)
Cash paid to employees and for employee benefits	<u>(12,391,641)</u>	<u>(10,446,278)</u>
Net cash provided (used) by operating activities	<u>(4,390,730)</u>	<u>4,196,050</u>
Cash flows from investing activities:		
Purchase of short-term investments	(3,520,000)	(2,000,000)
Proceeds from short-term investments	6,040,000	-0-
Interest on investments	<u>8,836</u>	<u>2,302</u>
Net cash provided (used) by investing activities	<u>2,528,836</u>	<u>(1,997,698)</u>
Cash flows from noncapital financing activities:		
Property taxes	884,552	889,863
Grants for other than capital purposes	<u>3,000</u>	<u>-0-</u>
Net cash provided (used) by noncapital financing activities	<u>887,552</u>	<u>889,863</u>
Cash flows from capital and related financing activities:		
Proceeds from the issuance of long-term debt	4,070,206	9,985,489
Principal payments on lease liabilities	(51,199)	(28,063)
Principal payments on subscription liabilities	(170,480)	(229,189)
Interest payments on long-term debt and liabilities	(900,582)	(479,024)
Purchase of capital assets	(5,110,097)	(11,804,911)
Proceeds from capital grants	1,063,139	-0-
Proceeds from sale of capital assets	<u>-0-</u>	<u>(71,587)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,099,013)</u>	<u>(2,627,285)</u>
Net increase (decrease) in cash and cash equivalents	(2,073,355)	460,930
Cash, beginning of year	<u>2,810,412</u>	<u>2,349,482</u>
Cash, end of year	\$ <u><u>737,057</u></u>	\$ <u><u>2,810,412</u></u>

See accompanying notes to financial statements.

Allen Parish Hospital
Statements of Cash Flows (Continued)
Years Ended June 30,

	<u>2025</u>	<u>2024</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ (2,135,721)	\$ 618,087
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,529,530	722,748
Changes in:		
Patient accounts receivable	(1,088,340)	(130,622)
Estimated third-party payor settlements	(1,315,168)	(373,282)
Other receivables	(421,050)	889,819
Inventory	(280,418)	(7,095)
Prepaid expenses	(88,349)	35,636
Accounts payable	(706,323)	1,751,639
Accrued expenses	259,985	58,048
Estimated third-party payor settlements	330	216,823
Compensated absences	192,768	75,525
Intergovernmental transfers	<u>(337,974)</u>	<u>338,724</u>
Net cash provided (used) by operating activities	\$ <u>(4,390,730)</u>	\$ <u>4,196,050</u>
Reconciliation of cash to the balance sheet:		
Cash and cash equivalents	\$ 725,049	\$ 1,619,172
Limited-use assets	2,662,709	5,738,547
Less: investments included in limited use assets	<u>(2,650,701)</u>	<u>(4,547,307)</u>
Total cash	\$ <u>737,057</u>	\$ <u>2,810,412</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$ <u>905,961</u>	\$ <u>479,272</u>
Right-of-use assets acquired under leases	\$ <u>309,351</u>	\$ <u>3,061</u>
Subscription assets acquired under agreements	\$ <u>103,366</u>	\$ <u>456,475</u>

See accompanying notes to financial statements.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

The Allen Parish Hospital Service District No. 3 (the "Hospital" or the "District") was created by an ordinance of the Allen Parish Police Jury.

The Hospital is a political subdivision of the Allen Parish Police Jury whose jurors are elected officials. The Hospital's commissioners are appointed by the Allen Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for the Hospital. Accordingly, the Hospital was determined to be a component unit of the Allen 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 governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business

The District provides acute and psychiatric inpatient services, skilled nursing (through "swing-beds"), emergency, home health, and outpatient services, including a rural health clinic, primarily for the residents of Allen Parish.

Hospital Land

The land on which the Hospital was built was donated by Powell Lumber Company to the Hospital. The donation was made with the restriction that the land is to be used primarily as a site for a public hospital and should the donee or their successors or assignees fail to use the land for a public hospital, the title shall revert to Powell Lumber Company.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

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

Basis of Accounting

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

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking, money market accounts and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities of more than 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.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Risk

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

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

Significant Concentration of Economic Dependence

The Hospital has an economic dependence on a small number of staff physicians who admit over 90% of the Hospital's patients. The Hospital also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 12. Changes in federal or state legislation or interpretations of rules have a significant impact on the Hospital.

Net Patient Service Revenue

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

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

Patient Accounts Receivable

Patient accounts receivable are carried at a net amount determined by the original charge for the services provided, less an estimate 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 receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off as bad debt expenses 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.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Land Improvements	5 to 20 years
Buildings and Improvements	12 to 40 years
Machinery and Equipment	3 to 20 years
Furniture and Fixtures	3 to 20 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 assets 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 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, 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.

Revenue and Expenses

The Hospital's statements of revenues, expenses and changes in net assets distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Nonexchange revenues are reported as non-operating 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.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions

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

Use of Estimates

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

Environmental Matters

The Hospital is subject to laws and regulations relating to the protection of the environment. The Hospital's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of the Hospital's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Hospital. At June 30, 2025 and 2024, management is not aware of any liability resulting from environmental matters.

Reclassifications

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

Risk Management

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

Charity Care

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

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended June 30, 2025 and 2024 totaled \$149,834 and \$65,658, respectively.

Subscription Assets and Liabilities

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

The Hospital 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 Hospital implemented GASB Statement No. 101, *Compensated Absences*, in fiscal year 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The new standard is to be applied to all compensated absences as of the beginning of the earliest period presented: and therefore, the June 30, 2024 financial statements has been restated, as discussed in Note 21.

The District implemented GASB Statement No. 102, *Certain Risk Disclosures* in fiscal year 2025. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations of constraints and enhance transparency by requiring disclosures about these risks.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 3 - DEPOSITS AND INVESTMENTS

Louisiana state statutes authorize the Hospital 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 Hospital be protected by insurance or collateral. The market value of collateral pledged must equal or exceed 100% of the deposits not covered by insurance.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of bank failure, the Hospital's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital's deposits were entirely insured or entirely collateralized by securities or a letter of credit held by the pledging bank's trust department in the Hospital's name at June 30, 2025 and 2024.

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

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

	<u>2025</u>	<u>2024</u>
Carrying amount		
Deposits	\$ 737,057	\$ 2,810,412
Investments	<u>4,901,218</u>	<u>7,200,871</u>
	<u>\$ 5,638,275</u>	<u>\$ 10,011,283</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 725,049	\$ 1,619,172
Investments	2,250,517	2,653,564
Assets whose use is limited	<u>2,662,709</u>	<u>5,738,547</u>
	<u>\$ 5,638,275</u>	<u>\$ 10,011,283</u>

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The Hospital's investments are recorded at fair value as of June 30, 2025 and 2024 in accordance with GASB Statement No. 72, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value. Level 1 inputs are accessible quoted prices in active markets for identical assets at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly; Level 3 inputs are unobservable inputs.

At June 30, 2025 and 2024, the Hospital had \$4,901,218 and \$7,200,871, respectively, invested with the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in the pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

LAMP is an investment pool, that to the extent practical, invests in a manner consistent with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The following facts are relevant to the Hospital's investment in LAMP:

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of bank failure, the Hospital's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital's deposits were entirely insured or entirely collateralized by securities or a letter of credit held by the pledging bank's trust department in the Hospital's name at June 30, 2025 and 2024.

Interest Rate Risk - LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for the U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 55 days as of June 30, 2025.

Concentration of Credit Risks - The Hospital's investment in LAMP as a pool investment is excluded from the 5% disclosure requirement.

Credit Risks - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized statistical rating organization. LAMP is rated AAAM by Standards & Poor's.

The Hospital's investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the net asset value (NAV) of the pool shares. The Hospital considers these to be Level 2 investments.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP's annual financial statements can be obtained from the Louisiana Legislative Auditor's website.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2025</u>	<u>2024</u>
Patient accounts receivable	\$ 5,626,542	\$ 2,949,186
Estimated allowances for uncollectibles	<u>(2,892,846)</u>	<u>(1,303,830)</u>
Net accounts receivable	<u>\$ 2,733,696</u>	<u>\$ 1,645,356</u>

The following is a summary of the mix of receivables from patients and third-party payors at June 30:

	<u>2025</u>	<u>2024</u>
Medicare	13%	18%
Medicaid and Medicaid managed care plans	14%	26%
Commercial and other third-party payors	20%	19%
Self pay	<u>53%</u>	<u>37%</u>
	<u>100%</u>	<u>100%</u>

The Medicare, Medicaid and third-party payors are shown net of contractual allowances.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital assets and related accumulated depreciation at June 30:

	<u>2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>2025</u>
Nondepreciable capital assets					
Land	\$ 263,649	\$ -0-	\$ -0-	\$ -0-	\$ 263,649
Construction in progress	17,452,936	4,607,370	-0-	(21,474,031)	586,275
Total nondepreciable capital assets	<u>\$ 17,716,585</u>	<u>\$ 4,607,370</u>	<u>\$ -0-</u>	<u>\$ (21,474,031)</u>	<u>\$ 849,924</u>
Depreciable capital assets					
Land improvements	\$ 2,052,918	\$ 237,396	\$ -0-	\$ 996,182	\$ 3,286,496
Buildings & improvements	6,827,548	20,236	1,268	17,242,025	24,088,541
Fixed equipment	1,105,501	9,616	2,168	318,388	1,431,337
Major movable equipment	4,590,051	320,109	844,715	2,832,806	6,898,251
Total depreciable capital assets	14,576,018	587,357	848,151	21,389,401	35,704,625
Accumulated depreciation and amortization	<u>6,634,421</u>	<u>1,289,199</u>	<u>848,151</u>	<u>-0-</u>	<u>7,075,469</u>
Total depreciable capital assets, net	<u>\$ 7,941,597</u>	<u>\$ (701,842)</u>	<u>\$ -0-</u>	<u>\$ 21,389,401</u>	<u>\$ 28,629,156</u>
Right-of-use capital assets					
Equipment	\$ 112,548	\$ 309,351	\$ 111,525	\$ -0-	\$ 310,374
Total right-of-use capital assets	112,548	309,351	111,525	-0-	310,374
Accumulated amortization	<u>91,638</u>	<u>64,098</u>	<u>111,525</u>	<u>-0-</u>	<u>44,211</u>
Total right-of-use capital assets, net	<u>\$ 20,910</u>	<u>\$ 245,253</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 266,163</u>

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 5 - CAPITAL ASSETS (Continued)

	<u>2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>2024</u>
Nondepreciable capital assets					
Land	\$ 263,649	\$ -0-	\$ -0-	\$ -0-	\$ 263,649
Construction in progress	<u>6,324,787</u>	<u>11,128,149</u>	<u>-0-</u>	<u>-0-</u>	<u>17,452,936</u>
Total nondepreciable capital assets	<u>\$ 6,588,436</u>	<u>\$ 11,128,149</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 17,716,585</u>
Depreciable capital assets					
Land improvements	\$ 2,038,318	\$ 14,600	\$ -0-	\$ -0-	\$ 2,052,918
Buildings & improvements	6,597,057	271,388	40,897	-0-	6,827,548
Fixed equipment	1,031,155	74,346	-0-	-0-	1,105,501
Major movable equipment	<u>5,672,075</u>	<u>390,215</u>	<u>1,472,239</u>	<u>-0-</u>	<u>4,590,051</u>
Total depreciable capital assets	15,338,605	750,549	1,513,136	-0-	14,576,018
Accumulated depreciation and amortization	<u>7,546,154</u>	<u>527,616</u>	<u>1,439,349</u>	<u>-0-</u>	<u>6,634,421</u>
Total depreciable capital assets, net	<u>\$ 7,792,451</u>	<u>\$ 222,933</u>	<u>\$ 73,787</u>	<u>\$ -0-</u>	<u>\$ 7,941,597</u>
Right-of-use capital assets					
Equipment	\$ <u>155,075</u>	\$ <u>3,061</u>	\$ <u>45,588</u>	\$ <u>-0-</u>	\$ <u>112,548</u>
Total right-of-use capital assets	155,075	3,061	45,588	-0-	112,548
Accumulated amortization	<u>113,640</u>	<u>23,586</u>	<u>45,588</u>	<u>-0-</u>	<u>91,638</u>
Total right-of-use capital assets, net	<u>\$ 41,435</u>	<u>\$ (20,525)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 20,910</u>

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

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 June 30:

	<u>2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>2025</u>
Subscription-based assets	\$ 509,781	\$ 103,366	\$ 46,946	\$ -0-	\$ 566,201
Accumulated amortization	<u>151,541</u>	<u>176,233</u>	<u>46,946</u>	<u>-0-</u>	<u>280,828</u>
Total subscription-based assets, net	<u>\$ 358,240</u>	<u>\$ (72,867)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 285,373</u>
	<u>2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>2024</u>
Subscription-based assets	\$ 161,581	\$ 456,475	\$ 108,275	\$ -0-	\$ 509,781
Accumulated amortization	<u>88,270</u>	<u>171,546</u>	<u>108,275</u>	<u>-0-</u>	<u>151,541</u>
Total subscription-based assets, net	<u>\$ 73,311</u>	<u>\$ 284,929</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 358,240</u>

NOTE 7 - ASSETS WHOSE USE IS LIMITED

Assets whose use is limited include certificates of deposit set aside by the Board of Commissioners for the following purposes:

<u>By Third Parties</u>	<u>2025</u>	<u>2024</u>
Construction funds	\$ 5,957	\$ 1,186,240
Grant funds	6,051	5,000
Debt reserves	450,701	-0-
<u>By Board</u>		
Unearned revenue	2,200,000	4,547,307
Less limited-use assets required for current liabilities	<u>(2,212,008)</u>	<u>(5,738,547)</u>
Non-current limited-use assets	<u>\$ 450,701</u>	<u>\$ -0-</u>

The total amount restricted by third parties is shown as restricted net position on the balance sheet. These amounts are \$462,709 and \$1,191,240 at June 30, 2025 and 2024, respectively.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 8 - COMPENSATED ABSENCES

Employees of the Hospital are entitled to paid time off and extended illness leave depending on length of service. The Hospital recognized 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, two types of leave for liability recognition for compensated absences are paid time off (PTO) and extended illness leave. The liability for compensated absences includes salary-related benefits.

Paid time off (PTO) – the Hospital's policy permits employees to accumulate earned but unused paid time off benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

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

A summary of compensated absences at June 30, follows:

	<u>2024</u>	<u>Net Change</u>	<u>2025</u>	<u>Current Portion</u>
Paid time off	\$ 295,458	\$ 139,602	\$ 435,060	\$ 391,554
Extended illness	<u>144,397</u>	<u>53,166</u>	<u>197,563</u>	<u>60,811</u>
Totals	<u>\$ 439,855</u>	<u>\$ 192,768</u>	<u>\$ 632,623</u>	<u>\$ 452,365</u>

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 9 - LONG-TERM DEBT

A summary of long-term debt, including capital lease obligations, at June 30 follows:

	June 30, <u>2024</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2025</u>	Due Within <u>One Year</u>
Construction financing	\$ 12,944,507	\$ 2,570,206	\$ -0-	\$ 15,514,713	\$ -0-
Series 2022 bonds	<u>-0-</u>	<u>1,500,000</u>	<u>-0-</u>	<u>1,500,000</u>	<u>-0-</u>
Total	\$ <u>12,944,507</u>	\$ <u>4,070,206</u>	\$ <u>-0-</u>	\$ <u>17,014,713</u>	\$ <u>-0-</u>
	June 30, <u>2023</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2024</u>	Due Within <u>One Year</u>
Construction financing	\$ <u>2,959,018</u>	\$ <u>9,985,489</u>	\$ <u>-0-</u>	\$ <u>12,944,507</u>	\$ <u>-0-</u>
Total	\$ <u>2,959,018</u>	\$ <u>9,985,489</u>	\$ <u>-0-</u>	\$ <u>12,944,507</u>	\$ <u>-0-</u>

The Hospital has interim construction financing in the amount of \$15.77 million, obtained directly from a financial institution to fund construction of a new hospital facility. The financing requires monthly interest-only payments at a rate of 6% and is secured by Hospital revenues. Management intends and has the ability to refinance the interim financing with permanent financing through a USDA Rural Development Direct Loan, which has been approved by the governing board and for which the Hospital has received a commitment from USDA. Accordingly, the interim financing is classified as long-term debt in the accompanying statement of net position.

Subsequent to year-end, during July 2025, the interim financing was refinanced with permanent USDA financing consisting of a \$13.17 million USDA Rural Development Direct Loan bearing interest at 2.25% and a \$2.6 million USDA Community Facilities Loan bearing interest at 3.25%. The loans require combined monthly principal and interest payments of \$51,332 beginning August 3, 2025 through July 3, 2065. The refinancing is considered a non-recognized subsequent event, as discussed in Note 22.

The Hospital issued \$1.5 million of Revenue Bonds, Series 2022, as interim financing for the construction of a new hospital facility. During the construction period, the financing requires monthly interest-only payments at a rate of 6.65%. The debt is secured by hospital revenues. Approximately 80% of the outstanding loan balance is guaranteed by the USDA under its Rural Development loan guarantee program. The guarantee does not reduce the Hospital's obligation to repay the debt but provides additional security to the lender in the event of default.

Subsequent to year-end, during July 2025, the interim financing was refinanced with permanent financing from a financial institution. The loan requires monthly principal and interest payments of \$10,900, at a rate of 6.65% beginning August 6, 2025 through September 6, 2032. Monthly principal and interest payments from October 6, 2032 through October 6, 2047 are set to vary due to the interest rate resetting every ten years based on the Wall Street Journal Prime rate, plus a margin of 0.40 percentage points. The refinancing is considered a non-recognized subsequent event, as discussed in Note 22.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 9 - LONG-TERM DEBT (Continued)

As a part of the USDA letter of conditions, the Hospital must establish and pre-fund a debt service reserve fund equal to one half of one annual installment of the proposed loan payment or \$307,932. The Hospital must also establish a capital asset replacement reserve fund and contribute a minimum of \$100,000 per year.

NOTE 10 - LEASE LIABILITY

The following is a summary of the changes in lease liability obligations as of June 30:

	June 30, <u>2024</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2025</u>	Due Within <u>One Year</u>
Equipment lease liabilities	\$ <u>22,887</u>	\$ <u>309,351</u>	\$ <u>51,199</u>	\$ <u>281,039</u>	\$ <u>61,683</u>
	June 30, <u>2023</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2024</u>	Due Within <u>One Year</u>
Equipment lease liabilities	\$ <u>47,889</u>	\$ <u>3,061</u>	\$ <u>28,063</u>	\$ <u>22,887</u>	\$ <u>19,743</u>

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

- Various lease liability obligations for equipment at imputed interest rates ranging from 4.02% to 5.00% with total monthly payments ranging from \$19 to \$3,042 through July 1, 2031.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 61,683	\$ 10,690	\$ 72,373
2027	54,671	8,440	63,111
2028	58,692	6,048	64,740
2029	62,730	3,490	66,220
2030	28,099	1,295	29,394
2031 - 2035	<u>15,164</u>	<u>466</u>	<u>15,630</u>
Totals	\$ <u>281,039</u>	\$ <u>30,429</u>	\$ <u>311,468</u>

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 11 - SUBSCRIPTION LIABILITIES

A summary of subscription liabilities follows:

	<u>2024</u>	<u>Additions</u>	<u>Payments</u>	<u>2025</u>	<u>Due Within One Year</u>
Totals	\$ <u>296,701</u>	\$ <u>103,366</u>	\$ <u>170,480</u>	\$ <u>229,587</u>	\$ <u>165,969</u>
	<u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>2024</u>	<u>Due Within One Year</u>
Totals	\$ <u>69,415</u>	\$ <u>456,475</u>	\$ <u>229,189</u>	\$ <u>296,701</u>	\$ <u>145,836</u>

The subscription liability obligations relate to subscription-based information technology arrangements at imputed interest rates from 2.6% to 4.7% with maturity dates ranging through July 30, 2029.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 165,969	\$ 6,784	\$ 172,753
2027	23,300	2,364	25,664
2028	15,910	1,355	17,265
2029	24,408	691	25,099
2030	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Totals	\$ <u>229,587</u>	\$ <u>11,194</u>	\$ <u>240,781</u>

NOTE 12 - NET PATIENT SERVICE REVENUE

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital qualified for a Medicare low volume add-on for inpatient payments. These payments are effective for discharges occurring October 1, 2010 until September 30, 2025, if not extended by Congress. The additional payments received under the Medicare low volume add-on were \$269,806 and \$220,858 for the years ended June 30, 2025 and 2024, respectively. Physician services are paid based on established fee schedules. Outpatient services related to Medicare beneficiaries are paid based on a set fee per diagnosis. Swing bed services are reimbursed based on a prospectively determined rate per patient day based on clinical, diagnostic, and other factors. Inpatient psychiatric services are reimbursed based upon a prospective methodology based upon length of stay, diagnosis, and other factors. The rural health clinic is paid on a cost-based methodology. The District is

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 12 - NET PATIENT SERVICE REVENUE (Continued)

reimbursed 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 Medicare cost reports have been examined by the Medicare fiscal intermediary through June 30, 2022.

Medicaid - Inpatient acute and psychiatric services are reimbursed based on a prospectively determined per diem rate. Most outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. Rural health clinics are paid on a cost based methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been examined by the Medicaid fiscal intermediary through June 30, 2019.

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 10% and 9% of the total gross charges for the years ended June 30, 2025 and 2024, respectively.

The following is a summary of the Hospital's net patient service revenue for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Gross charges	\$ 49,526,522	\$ 40,147,179
Less charges associated with charity patients	<u>-0-</u>	<u>-0-</u>
Gross patient service revenue	49,526,522	40,147,179
Less deductions from revenue:		
Contractual allowances	(27,212,064)	(22,376,257)
Policy discounts	<u>(196,118)</u>	<u>(460,597)</u>
Patient service revenue (net of contractual adjustments)	22,118,340	17,310,325
Less provision for bad debts	<u>(2,464,094)</u>	<u>(465,791)</u>
Net patient service revenue less provision for bad debts	<u>\$ 19,654,246</u>	<u>\$ 16,844,534</u>

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 12 - NET PATIENT SERVICE REVENUE (Continued)

The Hospital receives a substantial portion of its charges from Medicare and Medicaid programs at discounted rates. The following is a summary of Medicare and Medicaid patient revenues for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Medicare and Medicaid patient charges	\$ 29,495,894	\$ 24,308,616
Contractual adjustments	<u>(13,829,785)</u>	<u>(11,337,885)</u>
Program patient service revenue	\$ <u>15,666,109</u>	\$ <u>12,970,731</u>
Percent of total gross patient charges	<u>60%</u>	<u>61%</u>
Percent of total net patient revenue	<u>80%</u>	<u>77%</u>

The Hospital experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. These adjustments resulted in an increase in net patient service revenue of \$260,309 and \$1,317 in 2025 and 2024, respectively.

NOTE 13 - PROFESSIONAL LIABILITY RISK

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

NOTE 14 - CONTINGENCIES

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

The principal contingencies are described below:

Governmental Third-Party Reimbursement Programs (Note 12) - The Hospital is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

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

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 14 - CONTINGENCIES (Continued)

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

Professional Liability Risk (Note 13) - The Hospital 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.

Litigation and Other Matters - Various other claims in the ordinary course of business are pending against the Hospital. In the opinion of management and counsel, insurance is sufficient to cover adverse legal determinations in those cases where a liability can be measured.

NOTE 15 - RETIREMENT PLAN

On February 9, 2004, the Hospital elected to participate in the State of Louisiana's Public Employees Deferred Compensation Plan, which is a defined contribution plan. The plan was established in accordance with R.S. 42:1301-1308, and Section 457 of the *Internal Revenue Code of 1986*, as amended. Employees are eligible to participate in the plan beginning on the date of hire, with a minimum contribution of \$10 per month, up to 100% of compensation, not to exceed contribution limits. The Hospital has elected to contribute 1% of the participating employees' pay. The Hospital holds all rights to change and/or stop its contribution at any time. Employees are immediately vested in employer and employee contributions. The Hospital's contribution was approximately \$42,000 and \$33,000 for the years ended June 30, 2025 and 2024, respectively. Employees contributed approximately \$188,000 and \$156,000 for the years ended June 30, 2025 and 2024, respectively.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 16 - EMPLOYEE MEDICAL BENEFIT PLAN

The Hospital is self-insured to provide group medical and drug coverage for its employees. The Hospital entered into an agreement on March 1, 2019, with a third-party administrator to administer the plan. The plan year runs from January 1 through December 31. The Hospital funds its losses based on actual claims. A stop-loss insurance contract executed with an insurance carrier provides for payment of 100% of claims in excess of \$50,000 per covered individual. A liability is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, and frequency of claims. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term.

The following is a summary of changes in the Hospital's claims liability for the year ended June 30:

	<u>2025</u>	<u>2024</u>
Beginning of the year	\$ 65,959	\$ 81,424
Plus: Claims incurred and changes in estimates net of reinsurance	1,326,900	1,128,199
Less: Claims paid	<u>1,186,335</u>	<u>1,143,664</u>
End of the year, included in accrued expenses	\$ <u>206,524</u>	\$ <u>65,959</u>

NOTE 17 - AD VALOREM TAXES

The Hospital received approximately 3.0% and 3.5% in 2025 and 2024, respectively, of its financial support from property taxes. These funds were used to support operations in both 2025 and 2024.

The Hospital levies two property taxes on all property subject to taxation in the service district. The three mills tax was imposed for ten years, beginning with the year 2007 and ending with the year 2016, subsequently renewed for another ten years ending with the year 2026. The twelve mills tax runs for a period of ten years, beginning with the year 2003 and ending with the year 2012, subsequently renewed for another forty years ending with the year 2052. Property taxes are assessed in November and are received beginning in December of each year and become delinquent after January of the following year. Revenue from property taxes is recognized in the year for which the taxes are levied.

NOTE 18 - MEDICAID SUPPLEMENTAL PAYMENTS

The Hospital participates in the state's Medicaid Managed Care Incentive Program (MCIP). The program is designed to provide incentive payments to Medicaid Managed Care Plans for achieving quality reforms that increase access to health care and improve the quality of care. The Hospital reported income of \$2,991,655 and \$2,039,758 related to this program for the years ended June 30, 2025 and 2024, respectively.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 18 - MEDICAID SUPPLEMENTAL PAYMENTS (Continued)

For state fiscal years (SFY) 2025 and 2024, the Louisiana Department of Health (LDH) obtained a Medicaid State Plan Amendment (SPA) approval from the Centers for Medicare and Medicaid Services (CMS) to make quarterly supplemental payments to hospitals based upon certain assumptions under a directed payment plan (DPP). Annually thereafter, LDH must submit the assumptions to CMS for approval in future years. The basis for interim supplemental payments is the Hospital's historical paid claims and other factors. In future state fiscal years, actual paid claims and other factors will be used to reconcile interim payments to final settled DPP amounts. LDH anticipates increasing or decreasing future DPP payments by the reconciliation amounts. The Hospital has recognized \$4,138,004 and \$3,680,484 for the years ended June 30, 2025 and 2024, respectively, as Medicaid supplemental income after consideration was given for future adjustments which the Hospital determined necessary. To the extent income recognized in the current period differs from actual results, Medicaid supplemental income will be adjusted.

NOTE 19 - GRANTS

During the fiscal year ended June 30, 2025, the Hospital received capital outlay grant proceeds from the State of Louisiana totaling \$954,795, net of fees, related to approved capital projects. The grant agreement required the Hospital to provide matching funds of \$333,333. Grant funds were restricted for capital purposes and were reimbursed as eligible expenditures when incurred in accordance with the grant agreement administered by the Louisiana Division of Administration.

As of June 30, 2025, all approved project costs had been incurred and fully reimbursed, and no capital outlay grant funds were outstanding or subject to future legislative appropriation. Capital outlay grant proceeds received are reported as capital grants and included in net investment in capital assets.

Various other grants were received during the year for other uses.

NOTE 20 - COOPERATIVE ENDEAVOR AGREEMENT

The District has agreed to a cooperative endeavor agreement (CEA) with other like-minded Louisiana hospitals, per Louisiana's Rural Hospital Preservation Act, to establish a new grant program, the Direct Payment Program (DPP). The intent of this arrangement is to pool hospital resources across the State to support access to healthcare in rural Louisiana. Under the CEA, the District deposits an amount, determined annually by the Rural Hospital Coalition (RHC), into an account, from which RHC is permitted to withdraw funds and make distributions to participating hospitals using a predetermined formula. Although the payments are formulaic in nature, they are not guaranteed, nor are they directly related to Medicaid reimbursement for the provisions of goods and healthcare services to patients. Accordingly, the deposits made by the District to RHC were more than the amount received by the District under this program, resulting in a net amount of \$2,816,352 and \$2,080,292 for the years ended June 30, 2025 and 2024, respectively. This was recorded as an expense called Access to Care.

Allen Parish Hospital
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 21 - ACCOUNTING CHANGES AND PRIOR PERIOD ADJUSTMENTS

Change In Method of Accounting for Compensated Absences - As discussed in Note 2, the Hospital adopted GASB Statement No. 101, *Compensated Absences*, on July 1, 2024. This statement is applied retroactively by restating balances in the financial statements as of June 30, 2024 as shown in the table below.

Correction of Prior Period Error - During fiscal year 2025, the Hospital determined that the subsidiary ledgers relating to subscription assets and liabilities for the prior year were not properly reconciled. The effect of this error correction resulted in adjustments to and restatements of beginning net position as shown in the table below.

	2024 As Previously Reported	Restatement - GASB 101 implementation	Error Correction	2024 As Restated
Accrued expenses	\$ 918,071	\$ (296,864)	\$ 330	\$ 621,537
Compensated absences (short-term)	\$ -0-	\$ 325,530	\$ -0-	\$ 325,530
Compensated absences (long-term)	\$ -0-	\$ 114,325	\$ -0-	\$ 114,325
Net position	\$ 15,324,527	\$ (142,991)	\$ (646)	\$ 15,180,890
Salaries and wages	\$ 8,730,244	\$ 19,331	\$ -0-	\$ 8,749,575
Benefits and payroll tax	\$ 1,844,684	\$ (14,408)	\$ -0-	\$ 1,830,276
Subscription assets, net	\$ 328,065	\$ -0-	\$ 30,175	\$ 358,240
Subscription liabilities (short-term)	\$ 130,921	\$ -0-	\$ 14,915	\$ 145,836
Subscription liabilities (long-term)	\$ 135,289	\$ -0-	\$ 15,576	\$ 150,865
Depreciation and amortization	\$ 707,661	\$ -0-	\$ 15,087	\$ 722,748
Interest expense	\$ 477,464	\$ -0-	\$ 1,560	\$ 479,024

NOTE 22 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financials were available to be issued, December 31, 2025, and noted a material event requiring disclosure below. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

During July 2025, the Hospital converted its interim construction financing to permanent long-term financing. The permanent financing consists of a USDA loan and note payable, which replaced the interim construction note. The conversion resulted in no material change to the total outstanding principal; however, the terms of the permanent financing include revised interest rates, amortization schedules, and maturity dates consistent with the final loan agreements. Management has evaluated these subsequent events and determined that they represent non-recognized subsequent events and, accordingly, no adjustments have been made to the financial statements for the fiscal year ended June 30, 2025.

SUPPLEMENTARY INFORMATION

Allen Parish Hospital
Schedules of Net Patient Service Revenue
Years Ended June 30,

	<u>2025</u>	<u>2024</u>
Routine services:		
Adult and pediatric	\$ 3,564,903	\$ 4,041,612
Psychiatric	10,845,800	10,758,686
Swing bed	<u>1,382,300</u>	<u>1,568,850</u>
Total routine services	<u>15,793,003</u>	<u>16,369,148</u>
Other professional services:		
Operating room	2,713,306	-0-
Recovery room	750	7,298
Anesthesia	157,709	-0-
Radiology	4,256,272	2,690,639
Nuclear medicine	182,338	194,552
Lab	2,756,287	2,353,275
Blood	253,697	260,010
Intravenous therapy	16,736	8,646
Respiratory therapy	1,933,111	1,246,094
Physical therapy	1,240,555	1,101,434
Central supply	271,627	11,440
Pharmacy	2,237,653	1,568,748
Emergency room	7,746,740	7,042,230
Observation room	1,578,099	435,915
Rural health clinic	6,792,512	5,654,002
Reeves clinic	113,721	-0-
Chiropractic clinic	37,382	-0-
Home health	<u>1,445,024</u>	<u>1,203,748</u>
Total other professional services	<u>33,733,519</u>	<u>23,778,031</u>
Gross patient service revenue	<u>49,526,522</u>	<u>40,147,179</u>
Less deductions from revenue:		
Contractual allowances	(27,212,064)	(22,376,257)
Discounts	<u>(196,118)</u>	<u>(460,597)</u>
Patient service revenue	22,118,340	17,310,325
Less provision for bad debts	<u>(2,464,094)</u>	<u>(465,791)</u>
Net patient service revenue	<u>\$ 19,654,246</u>	<u>\$ 16,844,534</u>

Allen Parish Hospital
Schedules of Other Operating Revenue
Years Ended June 30,

	<u>2025</u>	<u>2024</u>
Dietary sales	\$ 92,611	\$ 68,186
Medical records transcript fees	6,338	5,078
340B pharmaceutical program	1,257,769	1,472,926
Rental income	3,470	3,173
Other income	<u>216,744</u>	<u>205,441</u>
 Total other operating revenue	 \$ <u>1,576,932</u>	 \$ <u>1,754,804</u>

Allen Parish Hospital
Schedules of Operating Expenses - Salaries and Benefits
Years Ended June 30,

	<u>2025</u>	<u>2024</u>
Administration	\$ 1,871,921	\$ 1,748,412
Plant operations and maintenance	281,628	210,876
Housekeeping	127,979	107,214
Dietary	271,616	137,154
Nursing administration	856,744	606,460
Central supply	100,084	96,000
Pharmacy	322,135	313,587
Medical records	181,856	193,181
Nursing service, acute care	875,794	794,958
Psychiatric unit	4,114	-0-
Operating room	592,284	62,730
Radiology	373,437	297,081
Laboratory	594,143	524,007
Respiratory therapy	242,265	165,451
Physical therapy	314,374	167,927
Emergency room	410,866	380,654
Rural health clinic	2,440,390	2,378,084
Reeves clinic	43,036	580
Chiropractic clinic	94,523	-0-
Home health	<u>663,144</u>	<u>565,219</u>
 Total salaries	 <u>10,662,333</u>	 <u>8,749,575</u>
 Payroll taxes	 740,794	 608,890
Health insurance	1,326,900	1,128,199
Retirement	42,173	33,006
Other	<u>72,194</u>	<u>60,181</u>
 Total benefits	 <u>2,182,061</u>	 <u>1,830,276</u>
 Total salaries and benefits	 <u>\$ 12,844,394</u>	 <u>\$ 10,579,851</u>

Allen Parish Hospital
Schedules of Operating Expenses - Other Expenses
Years Ended June 30,

	<u>2025</u>	<u>2024</u>
Legal and accounting	\$ 326,575	\$ 260,120
Supplies	520,623	458,870
Repairs and maintenance	372,219	368,577
Utilities	326,105	195,930
Telephone	111,001	106,097
Travel	283,037	260,815
Rentals	137,132	114,768
Dues and subscriptions	137,592	53,746
Recruitment and tuition	172,740	138,559
Minor equipment	407,051	147,579
Access to care expenses	2,816,352	2,080,292
Miscellaneous	<u>1,050,652</u>	<u>706,009</u>
 Total other expenses	 \$ <u>6,661,079</u>	 \$ <u>4,891,362</u>

Allen Parish Hospital
Schedules of Per Diem and
Other Compensation Paid to Board Members
Year Ended June 30, 2025

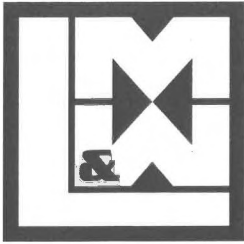
	<u>Paid on Behalf of Commissioners</u>
Mr. Robert Brandon	\$ 400
Ms. Frances Cannon	440
Ms. Katelyn Carrier	-0-
Dr. Matthew Courville	320
Mr. Chad Guidry	440
Mr. Jay Lafargue	200
Ms. Paula Manuel	320
Mr. Roy Marcantel	<u>400</u>
 Total	 \$ <u><u>2,520</u></u>

Allen Parish Hospital
 Schedule of Compensation, Benefits and
 Other Payments to Chief Executive Officer
 Year Ended June 30, 2025

Agency Head Name:
 Position:

Jacqueline Costley-Reviel
 CEO

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 241,652
Health insurance	8,079
Retirement	2,416
Life insurance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	656
Travel	1,079
Registration fees	5,039
Conference travel	2,531
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-
Professional dues	-0-
Cell phone	-0-



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

To the Board of Commissioners
Hospital Service District No. 3
Parish of Allen, State of Louisiana
Kinder, 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hospital Service District No. 3, Parish of Allen, a component unit of the Allen Parish Police Jury ("the Hospital"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 31, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 have not been identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

Board of Commissioners
Hospital Service District No. 3
Parish of Allen, State of Louisiana
Kinder, Louisiana
Page Two

Report on Compliance and Other Matters

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

The Hospital's Response to Findings

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

Purpose of This Report

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

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

Lester, Miller & Wenz

Certified Public Accountants
Alexandria, Louisiana

December 31, 2025



Allen Parish Hospital
Schedule of Current Year Findings and Responses
Year Ended June 30, 2025

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified opinion

Internal control over financial reporting:

- Material weaknesses identified – Yes
- Significant deficiencies identified – None reported

Compliance:

- Noncompliance issues noted – None

Management letter issued – No

Federal Awards – Not applicable

Section II. Financial Statement Findings

FINDING 2025-001 - Medicare and Medicaid Cost Report Settlements

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

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

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

Effect: Because an estimated cost report settlement for the current fiscal year was not recorded, the receivables were materially understated at year-end by approximately \$1,354,000 and net patient service revenue was understated by approximately \$1,354,000.

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

Response: Management has considered the recommendation and concluded that the implementation cost is greater than the benefit derived from correcting the control deficiency. It is more efficient and cost effective for external cost report preparers to prepare the cost reports at year-end.



Allen Parish Hospital
Schedule of Current Year Findings and Responses
Year Ended June 30, 2025

Section III. Federal Awards Findings and Questioned Costs

Not applicable

Section IV. Management Letter

Not applicable



Allen Parish Hospital
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2025

Section I. Financial Statement Findings

None reported

Section II. Federal Awards Findings and Questioned Costs

Not applicable

Section III. Management Letter

Not applicable



ALLEN PARISH HOSPITAL
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON
PROCEDURES

FOR THE YEAR ENDED
JUNE 30, 2025



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Hospital Service District No. 3
Parish of Allen, State of Louisiana
d/b/a Allen Parish Hospital
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. Management of the Hospital Service District No. 3, Parish of Allen, State of Louisiana, d/b/a Allen Parish Hospital (the "Hospital") is responsible for those C/C areas identified in the SAUPs.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) **Bank Reconciliations**

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

Exceptions: Bank reconciliations did not include evidence that management reviewed the reconciliations within one (1) month of preparation.

Management's Response: Management will add a review date to all bank reconciliations to document timely review. The CEO will perform the monthly review of all bank reconciliations and will report to the Board that the reviews have been completed.

2) *Prevention of Sexual Harassment*

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

Exceptions: Out of the five (5) employees selected for testing, three (3) employees did not have documentation to demonstrate completion of sexual harassment training during the calendar year. The Hospital did not prepare an annual harassment report.

Management's Response: Management will ensure all employees complete the required sexual harassment training annually and will prepare and maintain the annual harassment report in compliance with state requirements.

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



Board of Commissioners
Hospital Service District No. 3
Parish of Allen, State of Louisiana
and the Louisiana Legislative Auditor

We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Lester, Miller & Walls

Certified Public Accountants
Alexandria, Louisiana

November 14, 2025

