

ABBEVILLE GENERAL HOSPITAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

HOSPITAL SERVICE DISTRICT NO. 2
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
d/b/a ABBEVILLE GENERAL HOSPITAL
HOSPITAL ENTERPRISE FUND
YEARS ENDED DECEMBER 31, 2024 AND 2023

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Abbeville General Hospital
Abbeville, Louisiana

Management's Discussion and Analysis

Our discussion and analysis of Abbeville General Hospital's (Hospital's) financial performance provides an overview of the Hospital's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the Hospital's financial statements, which begin on page 5.

Financial Highlights

- The Hospital's total assets increased by approximately \$1,157,000 or roughly 1.4%. The Hospital's total liabilities decreased by approximately \$1,615,000 or roughly 10.0%. The increase in the Hospital's total assets is attributable to increases in Net Patient Service Revenue. The decrease in the Hospital's total liabilities is due to paying down long-term liabilities.
- During the year, the Hospital's net operating income decreased by approximately \$4,349,000 due to increases in access to care payments, labor and benefits. Revenues were up 2.1% or approximately \$1,554,000. The Hospital had a net operating loss of \$1,915,735. The total change in net position for 2024 is \$2,772,784 which includes sales tax revenue of \$3,949,035 as well as other nonoperating revenue.

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

Our analysis of the Hospital finances begins on page 5. 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. All of the current year's revenues and expenses are taken into account regardless of when cash is received and paid.

These two statements report the Hospital's net position and changes in them. You can think of the Hospital's net position – the difference between assets and liabilities – as one way to measure 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. You will need to consider other nonfinancial factors, however, such as changes in the Hospital's patient base and measure of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Hospital.

The Statement of Cash Flows

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

Abbeville General Hospital
Abbeville, Louisiana

Management's Discussion and Analysis (continued)

The Hospital's Net Position

The Hospital's net position is the difference between its assets and liabilities reported in the balance sheet on page 5. The Hospital's net position increased in 2024 by \$2,772,784 (4.3%), while it increased by \$5,628,293 (9.6% in 2023) and increased by \$8,689,460 (17.3% in 2022), as indicated in **Table 1**.

Table 1: Assets, Liabilities and Net Position

	December 31			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Current Assets	\$28,093,057	\$31,219,295	\$31,159,177	\$28,206,710
Nondepreciable Capital Assets	3,222,125	1,487,759	4,303,466	6,708,062
Depreciable Capital Assets – Net	29,145,448	31,336,106	29,620,362	26,454,784
Right-of-use Capital Assets – Net	263,147	679,855	550,005	818,373
Subscription Assets – Net	3,711,654	4,661,259	5,458,484	-0-
Other Assets, Including Board - Designated Investments	<u>17,492,987</u>	<u>11,386,760</u>	<u>4,490,765</u>	<u>2,459,777</u>
Total Assets	<u>\$81,928,418</u>	<u>\$80,771,034</u>	<u>\$75,582,259</u>	<u>\$64,647,706</u>
Current Liabilities				
Other Current Liabilities	\$ 5,250,930	\$ 4,647,122	\$ 6,309,148	\$ 8,517,712
Compensated Absences	1,704,182	1,731,039	-0-	-0-
Lease and Subscription Liabilities	1,139,171	1,414,230	1,173,599	260,940
Current Portion of Long-term Debt	<u>852,698</u>	<u>826,335</u>	<u>801,507</u>	<u>782,653</u>
Total Current liabilities	<u>8,946,981</u>	<u>8,618,726</u>	<u>8,284,254</u>	<u>9,561,305</u>
Long-term Liabilities				
Compensated Absences	940,071	948,654	-0-	-0-
Lease and Subscription Liabilities	2,923,453	4,005,827	4,902,136	578,484
Long-term Debt	<u>1,790,143</u>	<u>2,642,841</u>	<u>3,469,176</u>	<u>4,270,684</u>
Total Long-term Liabilities	<u>5,653,667</u>	<u>7,597,322</u>	<u>8,371,312</u>	<u>4,849,168</u>
Total Liabilities	<u>14,600,648</u>	<u>16,216,048</u>	<u>16,655,566</u>	<u>14,410,473</u>
Net Position				
Net Investment in Capital Assets	29,689,697	29,315,564	29,624,613	28,088,458
Restricted	2,838,532	3,198,475	2,412,068	1,464,869
Unrestricted	<u>34,799,541</u>	<u>32,040,947</u>	<u>26,890,012</u>	<u>20,683,906</u>
Total Net Position	<u>67,327,770</u>	<u>64,554,986</u>	<u>58,926,693</u>	<u>50,237,233</u>
Total Liabilities and Net Position	<u>\$81,928,418</u>	<u>\$80,771,034</u>	<u>\$75,582,259</u>	<u>\$64,647,706</u>

Abbeville General Hospital
Abbeville, Louisiana

Management's Discussion and Analysis (continued)

The Hospital's Net Position (continued)

A significant component of the change in the Hospital's current assets is the increase in cash, accounts receivable and other receivables. In the wake of the COVID-19 pandemic, the Hospital initially experienced increases in accounts receivable, followed by subsequent decreases. In 2022 and 2021, accounts receivable increased by \$1,431,000 and \$1,534,000, respectively. The Hospital's collections of accounts receivable improved in 2023 resulting in decreases in accounts receivable of approximately \$1,394,000. Accounts receivable in 2024 increased slightly by approximately \$324,000. In Fiscal Year 2021, cash decreased by \$6,575,000 due to repayment of Medicare Advance Payments of \$4,894,000 and funding of construction projects of approximately \$6,100,000. In fiscal year 2022, cash increased by \$3,293,000 due to an increase in Medicaid supplemental payments. Cash decreased by \$1,021,000 in 2023 due to the purchase of investments totaling approximately \$6,046,000. The Hospital purchased an additional \$6,478,000 of investments in 2024, which contributed to the decrease in cash of approximately \$4,709,000.

Abbeville General Hospital
Abbeville, Louisiana

Management's Discussion and Analysis (continued)

Revenues, Expenses and Changes in the Hospital's Net Position

The following table presents a summary of the Hospital's revenues, expenses and changes in net position for the fiscal years ended December 31, 2024, 2023, 2022 and 2021.

Table 2: Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:				
Net Patient Svc Revenue	\$56,522,351	\$54,609,551	\$52,237,049	\$50,840,599
Other Revenue	<u>20,948,768</u>	<u>21,307,893</u>	<u>17,974,453</u>	<u>9,693,958</u>
Total Revenues	<u>77,471,119</u>	<u>75,917,444</u>	<u>70,211,502</u>	<u>60,534,557</u>
Expenses:				
Salaries & Benefits	42,344,032	39,534,118	36,761,726	35,019,024
Medical Supplies	9,228,315	8,910,182	8,338,709	8,443,827
Professional Fees	7,453,203	6,761,941	6,101,126	5,096,202
Other Operating Expense	14,760,282	12,897,232	10,366,681	9,988,063
Depr & Amort	<u>5,601,022</u>	<u>5,380,706</u>	<u>4,829,731</u>	<u>3,244,419</u>
Total Operating Expense	<u>79,386,854</u>	<u>73,484,179</u>	<u>66,397,973</u>	<u>61,791,535</u>
Net Operating Income (Loss)	<u>(1,915,735)</u>	<u>2,433,265</u>	<u>3,813,529</u>	<u>(1,256,978)</u>
Investment Income	1,037,552	631,859	31,943	88,155
Interest Expense	(298,061)	(331,627)	(314,472)	(261,991)
Gain (Loss) on Disposal of Assets	(7)	(9,445)	(265,060)	(1,606,945)
Sales Tax Revenue	3,949,035	3,807,377	3,759,741	3,466,288
COVID-19 Awards	-0-	-0-	983,281	3,443,081
PPP Loan Forgiveness	-0-	-0-	-0-	4,890,392
Capital Grants	<u>-0-</u>	<u>27,450</u>	<u>680,498</u>	<u>490,253</u>
Changes in Net Position	2,772,784	6,558,879	8,689,460	9,252,255
Net Position – Beginning of Year	64,554,986	58,926,693	50,237,233	40,984,978
Prior Period Adjustment	<u>-0-</u>	<u>(930,586)</u>	<u>-0-</u>	<u>-0-</u>
Net Position – End of Year	<u>\$67,327,770</u>	<u>\$64,554,986</u>	<u>\$58,926,693</u>	<u>\$50,237,233</u>

Abbeville General Hospital
Abbeville, Louisiana

Management's Discussion and Analysis (continued)

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. Following the COVID-19 pandemic, the Hospital reported a negative operating income in 2021 and a positive operating income in 2022 and 2023. Operating income for 2024 was a negative \$1,915,735. In each of the past four years, operating revenues have increased in large part due to the net patient revenue, Medicaid supplemental revenue, and grant revenue increases. Operating revenue for 2024 increased by \$1,553,675 or 2.1% compared to an increase of \$5,705,942 or 8.1% in 2023, an increase of \$9,676,945 or 16.0% in 2022, and an increase of \$6,668,702 or 12.4% in 2021.

Over the past several years the Hospital industry has experienced the trend of inpatient services shifting towards outpatient. This trend is attributed to advances in medicine and the changes in third-party payors requiring more stringent criteria for inpatient admissions and length of stay. Such increases have occurred in the operating room, radiology, laboratory, oncology, and rural health clinics. However, as a result of the COVID-19 pandemic, in 2021, the Hospital experienced an increase in acute inpatient services and inpatient psychiatric services as seen in **Table 5**. In fiscal years 2023 and 2022, inpatient volumes have decreased slightly while outpatient volumes have increased. In 2024, the Hospital experienced increases in both inpatient and outpatient volumes.

Total salaries and benefits expense increased \$2,809,914 or 7.1% in 2024, \$2,772,392 or 7.5% in 2023, and \$1,742,702 or 5.0% in 2022. Total salaries and benefits have increased over the past four years. As a percentage of net patient service revenue, salary and benefit expense was approximately 74.9%, 72.4% and 70.4% for the fiscal years ended December 31, 2024, 2023 and 2022, respectively. In response to the nursing shortage caused by the COVID-19 pandemic, the Hospital has experienced higher staffing costs in the form of incentive payments as well as an initial increased reliance on agency nursing services. In the wake of the pandemic, the Hospital has continued to decrease their reliance on agency nursing services which further increases salaries and benefits. The Hospital employs various physicians. The total salaries of physicians are \$4,881,983, \$4,779,764 and \$4,391,748 for 2024, 2023 and 2022, respectively.

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 2024, medical and professional services costs totaled \$7.5 million or 9.4% of total expenses and an increase of 10.2% over 2023. In 2023, they totaled \$6.8 million or 9.2% of total expenses and an increase of 10.8% over 2022.

In 2022, the Hospital entered into a cooperative endeavor agreement (CEA) in which hospitals pool resources across the state to support access to healthcare in rural Louisiana. Receipts under this program were less than the deposits made to the program resulting in Access to Care expense of \$3,311,899, \$2,236,959 and \$454,879 in 2024, 2023 and 2022, respectfully. More details regarding this CEA can be found in Note 22 to the financial statements.

Source of Revenue

During fiscal year 2024, 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. Other revenue includes operating grants, 340B revenue, cafeteria sales, rental income and other miscellaneous services.

Abbeville General Hospital
Abbeville, Louisiana

Management's Discussion and Analysis (continued)

Source of Revenue (continued)

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended December 31, 2024, 2023, 2022 and 2021. As more individuals chose Medicare Advantage HMO over Traditional Medicare, the Medicare payor mix has decreased while Medicare Advantage HMO has increased.

Table 3: Payor Mix by Percentage

	Year-end December 31			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Medicare	18.8%	21.0%	26.8%	27.6%
Medicaid	37.7%	40.4%	38.4%	37.7%
Medicare Managed Care	22.9%	19.4%	16.2%	15.1%
Blue Cross Blue Shield	10.2%	10.5%	11.0%	10.9%
Commercial Insurance	8.3%	6.5%	5.5%	6.9%
Self-Pay and Other	<u>2.1%</u>	<u>2.2%</u>	<u>2.1%</u>	<u>1.8%</u>
Total Patient Revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Other Revenue

Other revenue includes Medicaid supplemental payments, operating grants, cafeteria sales, rental income and other miscellaneous services. Other revenue decreased by \$359,125 or 1.7% in 2024.

Table 4: Other Revenue

	Year-end December 31			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Other Revenue:				
Cafeteria Sales	\$ 450,880	\$ 393,838	\$ 339,808	\$ 235,048
Vending Machine Commission	16,669	16,806	14,944	11,821
Grants	54,848	81,346	3,912,610	3,387,901
Physician Office Rentals	24,466	42,832	107,291	102,862
Medical Records Abstract Fees	7,094	6,505	7,899	9,538
Medicaid Supplemental Payments	19,672,555	19,923,860	12,952,764	5,197,410
340B Revenue	543,398	706,090	401,238	401,510
Other	<u>178,858</u>	<u>136,616</u>	<u>237,899</u>	<u>347,868</u>
Total Other Revenue	<u>\$20,948,768</u>	<u>\$21,307,893</u>	<u>\$17,974,453</u>	<u>\$ 9,693,958</u>

Abbeville General Hospital
Abbeville, Louisiana

Management's Discussion and Analysis (continued)

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of sales tax revenue, capital grants, and investment income. In fiscal year 2021, the Hospital was awarded a GOSHEP grant for the purpose of purchasing a new emergency generator of which, \$27,450, \$680,498 and \$490,253 was recognized in 2023, 2022 and 2021, respectively. Investment income increased by \$405,693 to \$1,037,552 in fiscal year 2024 from \$631,859 in 2023 due to management increasing the amount of funds invested.

In 2021 and 2020, the Hospital received several grant awards to be utilized for healthcare related expenses and lost revenues attributable to coronavirus. In 2022 and 2021, it was estimated that there were no lost revenues attributable to COVID-19, however, approximately \$983,000 and \$3,443,000 of COVID-19 grant awards were recognized as nonoperating revenue related to COVID-19 expenditures.

In 2008, voters of the District passed a half cent sales tax in perpetuity. Sales tax revenue increased 3.7% to \$3,949,035 in fiscal year 2024 from \$3,807,377 in 2023.

Operating and Financial Performance

Overall, activity at the Hospital, as measured by admissions of adults, pediatrics, and newborns, increased by 6.5% to 1,866 admissions in 2024 from 1,753 admissions in 2023. Patient days increased 10.4% from 5,936 in fiscal year 2023 to 6,556 in fiscal year 2024, and decreased 9.8% from fiscal year 2022 to 2023. The average length of stay for acute care patients (excluding newborns) increased 2.9% from 2023 to 2024. In comparison to the increase in admissions, the lower percentage increase in the average length of stay for 2024 is attributable to advances in medicine and technology as well as more stringent Medicare and Medicaid Managed Care admission standards.

Abbeville General Hospital
Abbeville, Louisiana

Management's Discussion and Analysis (continued)

Operating and Financial Performance (continued)

Table 5: Patient and Hospital Statistical Data

	Year-end December 31			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Admissions:				
Adult and Pediatric	1,583	1,462	1,433	1,526
Newborn	283	291	289	277
BMC	722	601	513	539
Patient Days:				
Adult and Pediatric	6,164	5,521	6,170	6,500
BMC	4,152	4,013	4,363	4,479
Medicare (Included in Adult & Pediatric)	1,670	1,615	2,086	2,415
Medicare Managed Care	1,972	1,447	1,427	1,401
Medicaid (Included in Adult & Pediatric)	28	50	33	54
Medicaid Managed Care	1,782	1,808	1,787	1,911
Newborn	392	415	407	383
Operating Room Procedures	3,397	3,463	2,816	2,548
Emergency Room Visits	16,987	17,215	17,045	16,777
Average Daily Census (Excluding Newborn):				
Adult and Pediatric	16.84	15.13	16.90	17.81
BMC	11.34	10.99	11.95	12.27
Average Length of Stay (Excluding Newborn):				
All Acute Care Patients	3.89	3.78	4.31	4.26
Medicare Patients	4.45	4.71	5.15	5.32
Medicare Managed Care Patients	5.42	4.99	6.05	6.25
Medicaid and Managed Care Patients	2.43	2.47	2.47	2.58
Percentage of Acute-Care Patient Days:				
Medicare	27.09%	29.25%	33.81%	37.15%
Medicare Managed Care	31.99%	26.21%	23.13%	21.55%
Medicaid	29.36%	33.65%	29.50%	30.23%
Full-Time Equivalents (FTE's)	476	453	454	452

Abbeville General Hospital
Abbeville, Louisiana

Management's Discussion and Analysis (continued)

Operating and Financial Performance (continued)

Allowances increased over prior year as described in the table below:

Table 6: Allowance Summary

		Year-end December 31		
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Allowances:				
Medicare Contractual Allowances	\$ 29,526,534	\$ 30,854,791	\$ 36,359,724	\$ 35,604,008
Medicaid Contractual Allowances	53,012,465	53,283,956	45,247,707	42,671,378
Medicare HMO Contractual Allowances	36,620,372	27,899,388	22,700,574	18,558,490
Blue Cross, Louisiana State Employees, and other Contractual Allowances	25,992,339	22,175,292	18,806,739	20,765,670
Provision for Bad Debt	7,402,301	4,574,994	4,028,830	3,573,752
Other Adjustments	1,432,695	1,330,274	1,597,738	1,160,856
Charity Care	<u>756,640</u>	<u>278,533</u>	<u>93,982</u>	<u>181,570</u>
Total Allowances	<u>\$ 154,743,346</u>	<u>\$ 140,397,228</u>	<u>\$ 128,835,294</u>	<u>\$ 122,515,724</u>

The Hospital experienced an increase in accounts receivable collection efforts in the past two years as days of revenue in accounts receivable remained relatively consistent with a very slight increase from 42 days in 2023 to 43 days in 2024. In comparison, the days of revenue in accounts receivable for 2022 was 54 days. Excluded from net patient service revenue are charges forgone for patient services falling under the Hospital's charity care policy. Based on established rates, gross charges of \$756,640 were forgone during 2024, compared to \$278,533 in 2023, and \$93,982 in 2022.

Capital Asset and Debt Administration

Capital Assets

At the end of 2024, the Hospital had \$36.3 million invested in capital assets, net of accumulated depreciation and amortization, as detailed in Notes 5 and 6 to the financial statements. In 2024, the Hospital purchased capital assets costing approximately \$3,778,000. Of this, \$2,075,000 (54.9%) was the acquisition of new buildings, equipment and building renovations as can be seen in **Table 8**.

Abbeville General Hospital
Abbeville, Louisiana

Management's Discussion and Analysis (continued)

Capital Asset and Debt Administration (continued)

Table 7: Capital Assets

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Nondepreciable Capital Assets				
Land	\$ 1,019,280	\$ 1,019,280	\$ 875,780	\$ 875,780
Construction in Progress	2,202,845	468,479	3,427,686	5,832,282
Total Nondepreciable Capital Assets	<u>\$ 3,222,125</u>	<u>\$ 1,487,759</u>	<u>\$ 4,303,466</u>	<u>\$ 6,708,062</u>
Depreciable Capital Assets				
Land Improvements	\$ 1,763,063	\$ 1,763,063	\$ 1,666,701	\$ 1,572,866
Building & Equipment	80,260,693	78,495,815	73,360,120	66,822,510
Intangibles	3,213,222	3,213,222	3,213,222	3,213,222
Subtotal	85,236,978	83,472,100	78,240,043	71,608,598
Less Accumulated Depr. & Amort.	56,091,530	52,135,994	48,619,681	45,153,814
Total Depreciable Capital Assets, net	<u>\$ 29,145,448</u>	<u>\$ 31,336,106</u>	<u>\$ 29,620,362</u>	<u>\$ 26,454,784</u>
Right-of-use Capital Assets				
Building	\$ 501,459	\$ 501,459	\$ 340,198	\$ 453,359
Equipment	699,318	876,355	649,562	649,562
Subtotal	1,200,777	1,377,814	989,760	1,102,921
Less Accumulated Amortization	937,630	697,959	439,755	284,548
Total Right-of-use Capital Assets, net	<u>\$ 263,147</u>	<u>\$ 679,855</u>	<u>\$ 550,005</u>	<u>\$ 818,373</u>
Subscription Assets	\$ 6,621,521	\$ 6,577,139	\$ 6,393,209	\$ -0-
Less Accumulated Amortization	2,909,867	1,915,880	934,725	-0-
Total Subscription Assets, net	<u>\$ 3,711,654</u>	<u>\$ 4,661,259</u>	<u>\$ 5,458,484</u>	<u>\$ -0-</u>

Table 8: Major Purchases Over \$100,000 During 2024

<u>Capital Investment</u>	<u>2024 Cost</u>
Fire Pump	722,000
Ambulatory Surgical/OB Expansion	446,000
Kitchen Hood	401,000
Sterilizer	166,000
Parking Lot Expansion	121,000
WIFI Access Points	113,000
Nursing Simulator	106,000

Abbeville General Hospital
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Management's Discussion and Analysis (continued)

Debt

At year-end, the Hospital had \$2,642,841 in short-term and long-term debt consisting of Revenue and Sales Tax Bonds. Long-term debt decreased by \$826,000 in 2024 compared to a decrease of \$802,000 in fiscal year 2023. Included in short and long-term liabilities are amounts related to lease and subscription obligations. The Hospital's total short-term and long-term lease liabilities decreased 58.5% from \$719,000 in 2023 to \$298,000 in 2024. The Hospital's total short-term and long-term subscription liabilities decreased 19.9% from \$4,701,000 in 2023 to \$3,764,000 in 2024. More detailed information about the Hospital's long-term liabilities is presented in the Notes 9, 10 and 11 to basic financial statements. Total debt outstanding represents approximately 8.2% of the Hospital's total assets at December 31, 2024 versus prior years of 11.0% and 13.7%, respectfully.

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 show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hospital administration.



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(1949-2023)

Independent Auditors' Report

To the Board of Commissioners
Hospital Service District No. 2
Parish of Vermilion, State of Louisiana
Abbeville, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hospital Service District No. 2, Parish of Vermilion, State of Louisiana, Abbeville General Hospital (the Hospital), a component unit of the Vermilion Parish Police Jury, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the 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 December 31, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Vermilion Parish Hospital Service District No. 2 and do not purport to, and do not, present fairly the financial position of Vermilion Parish Police Jury as of December 31, 2024 and 2023, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages "i" through "xi" 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 and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Board of Commissioners
Hospital Service District No. 2
Parish of Vermilion, State of Louisiana
Abbeville, Louisiana
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

June 17, 2025



ABBEVILLE GENERAL HOSPITAL
STATEMENTS OF NET POSITION
DECEMBER 31,

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 10,298,923	\$ 15,007,758
Accounts receivable, net of allowances for uncollectibles (Note 4)	6,592,993	6,268,574
Estimated third-party payor settlements	2,382,960	1,526,188
Other receivables	6,160,122	6,068,235
Inventories	1,697,497	1,479,115
Prepaid expenses	<u>960,562</u>	<u>869,425</u>
 Total Current Assets	 <u>28,093,057</u>	 <u>31,219,295</u>
Non-Current Assets		
Nondepreciable capital assets (Note 5)	3,222,125	1,487,759
Depreciable capital assets, net (Note 5)	29,145,448	31,336,106
Right-of-use capital assets, net (Note 5)	263,147	679,855
Subscription assets, net (Note 6)	3,711,654	4,661,259
Investments (Note 3)	13,526,760	7,048,735
Limited use assets (Note 7)	3,875,348	4,247,146
Other	<u>90,879</u>	<u>90,879</u>
 Total Assets	 \$ <u>81,928,418</u>	 \$ <u>80,771,034</u>

See accompanying notes to financial statements.

ABBEVILLE GENERAL HOSPITAL
STATEMENTS OF NET POSITION (Continued)
DECEMBER 31,

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 1,797,757	\$ 1,714,841
Accrued salary and payroll taxes	1,906,224	1,612,213
Current portion of compensated absences (Note 8)	1,704,182	1,731,039
Estimated third-party payor settlements	474,291	258,505
Accrued retirement	1,060,879	1,043,992
Other liabilities	11,779	17,571
Current portion of lease liabilities (Note 10)	174,919	432,513
Current portion of subscription liabilities (Note 11)	964,252	981,717
Current portion of long-term debt (Note 9)	<u>852,698</u>	<u>826,335</u>
Total Current Liabilities	<u>8,946,981</u>	<u>8,618,726</u>
Long-term Liabilities		
Compensated absences	940,071	948,654
Lease liabilities (Note 10)	123,263	286,467
Subscription liabilities (Note 11)	2,800,190	3,719,360
Long-term debt (Note 9)	<u>1,790,143</u>	<u>2,642,841</u>
Total Liabilities	<u>14,600,648</u>	<u>16,216,048</u>
Net Position		
Invested in capital assets, net of related debt	29,689,697	29,315,564
Restricted (Note 7)	2,838,532	3,198,475
Unrestricted	<u>34,799,541</u>	<u>32,040,947</u>
Total Net Position	<u>67,327,770</u>	<u>64,554,986</u>
Total Liabilities and Net Position	\$ <u>81,928,418</u>	\$ <u>80,771,034</u>

See accompanying notes to financial statements.

ABBEVILLE GENERAL HOSPITAL
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Revenues		
Net patient service revenues (Note 12)	\$ 56,522,351	\$ 54,609,551
Grants	54,848	81,346
Medicaid supplemental payments (Note 19)	19,672,555	19,923,860
Other operating revenues	<u>1,221,365</u>	<u>1,302,687</u>
 Total Revenues	 <u>77,471,119</u>	 <u>75,917,444</u>
Expenses		
Salaries	36,048,966	33,469,353
Benefits and payroll taxes	6,295,066	6,064,765
Supplies and drugs	9,228,315	8,910,182
Professional fees	7,453,203	6,761,941
Other expenses	13,609,605	11,714,725
Insurance	1,150,677	1,182,507
Depreciation and amortization	<u>5,601,022</u>	<u>5,380,706</u>
 Total Expenses	 <u>79,386,854</u>	 <u>73,484,179</u>
 Operating Income (Loss)	 <u>(1,915,735)</u>	 <u>2,433,265</u>
Nonoperating Revenues (Expenses)		
Sales taxes	3,949,035	3,807,377
Interest income	1,037,552	631,859
Interest expense	(298,061)	(331,627)
Gain (loss) on disposal of assets	<u>(7)</u>	<u>(9,445)</u>
 Change in Net Position before Capital Grants	 2,772,784	 6,531,429
Capital grants	<u>-0-</u>	<u>27,450</u>
 Changes in Net Position	 2,772,784	 6,558,879
 Beginning Net Position	 <u>64,554,986</u>	 <u>57,996,107</u>
 Ending Net Position	 \$ <u>67,327,770</u>	 \$ <u>64,554,986</u>

See accompanying notes to financial statements.

ABBEVILLE GENERAL HOSPITAL
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from patients and third-party payors	\$ 55,556,946	\$ 56,152,811
Other receipts from operations	20,856,881	19,170,604
Cash payments to employees and for employee-related cost	(42,068,574)	(39,236,028)
Cash payments for other operating expenses	<u>(31,674,195)</u>	<u>(29,267,191)</u>
Net cash provided (used) by operating activities	<u>2,671,058</u>	<u>6,820,196</u>
Cash flows from investing activities:		
Cash distributions / (purchases) from investments	(6,106,190)	(6,896,049)
Interest income	<u>1,037,552</u>	<u>631,859</u>
Net cash provided (used) by investing activities	<u>(5,068,638)</u>	<u>(6,264,190)</u>
Cash flows from non-capital financing activities:		
Proceeds from sales tax collections	<u>3,949,035</u>	<u>3,807,377</u>
Net cash provided (used) by non-capital financing activities	<u>3,949,035</u>	<u>3,807,377</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,683,858)	(3,022,896)
Principal payments on lease liabilities	(435,266)	(255,088)
Principal payments on subscription liabilities	(1,016,770)	(1,000,455)
Principal payments on long-term debt	(826,335)	(801,507)
Proceeds from capital grants	-0-	27,450
Interest expense	<u>(298,061)</u>	<u>(331,627)</u>
Net cash provided (used) by capital and related financing activities	\$ <u>(6,260,290)</u>	\$ <u>(5,384,123)</u>

See accompanying notes to financial statements.

ABBEVILLE GENERAL HOSPITAL
STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Net increase (decrease) in cash and cash equivalents	\$ (4,708,835)	\$ (1,020,740)
Beginning cash and cash equivalents	<u>15,007,758</u>	<u>16,028,498</u>
Ending cash and cash equivalents	\$ <u>10,298,923</u>	\$ <u>15,007,758</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$ <u>303,853</u>	\$ <u>337,254</u>
Right-of-use assets acquired under leases	\$ <u>14,431</u>	\$ <u>395,585</u>
Subscription assets acquired under agreements	\$ <u>80,135</u>	\$ <u>204,334</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ (1,915,735)	\$ 2,433,265
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:		
Depreciation and amortization	5,601,022	5,380,706
Changes in current assets (increase) decrease		
Accounts receivable	(324,419)	1,393,841
Estimated third-party payor settlements	(856,772)	164,174
Other receivables	(91,887)	(2,137,291)
Inventories	(218,382)	(85,080)
Prepaid expenses	(91,137)	(416,500)
Changes in current liabilities increase (decrease)		
Accounts payable	82,916	(190,629)
Accrued salary and payroll taxes	294,011	241,619
Compensated absences	(35,440)	89,416
Estimated third-party payor settlements	215,786	(14,753)
Accrued retirement	16,887	(32,945)
Other liabilities	<u>(5,792)</u>	<u>(5,627)</u>
Net cash provided (used) by operating activities	\$ <u>2,671,058</u>	\$ <u>6,820,196</u>

See accompanying notes to financial statements.

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Vermilion Parish Hospital Service District No. 2 (the Hospital or the District) was created by an ordinance of the Vermilion Parish Police Jury on February 6, 1962.

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

Nature of Business

The District provides outpatient, skilled nursing (through "swing-beds"), emergency, inpatient acute hospital services, inpatient and outpatient psychiatric services and three rural health clinics.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

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

Basis of Accounting

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

Cash and Cash Equivalents

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

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Risk

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

The Hospital's estimate of collectibility 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 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 Revenues

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

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

Patient Accounts Receivable

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

Inventory

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

Income Taxes

The District's income is exempt from taxation.

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Debt and Equity Securities

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

Capital Assets

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

Buildings and Improvements	5 to 40 years
Fixed Equipment	15 to 20 years
Major Movables	3 to 20 years
Intangibles	3 to 8 years

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

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

Net Position

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

Revenue and Expenses

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

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Revenues

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

Grants and Contributions

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

Advertising

The District expenses advertising cost as incurred. Advertising expense for the years ended December 31, 2024 and 2023 totaled \$71,939 and \$57,150, respectively.

Environmental Matters

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

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; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 District implemented GASB Statement No. 101, *Compensated Absences* in fiscal year 2024. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The new standard is to be applied to all compensated absences as of the beginning of the earliest period presented; and therefore, the December 31, 2023 financial statements have been restated, as discussed in Note 21.

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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 a 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. As of December 31, 2024 and 2023, the balances reported by financial institutions were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name.

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

Concentration of Credit Risks – The District has 74.9% in Mutual Funds and 24.9% in Exchange Traded Funds as of December 31, 2024. The District has 74.8% in Mutual Funds and 24.0% in Exchange Traded Funds as of December 31, 2023.

Credit Risks – Generally, 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 the assignment of a rating by a nationally recognized statistical rating organization. As of December 31, 2024, none of the Hospital's investments were rated.

The Hospital's investments are reported at fair value. At December 31, 2024, the Hospital had the following investments and maturities, all of which were held in the Hospital's name by a custodial bank that is an agent of the Hospital.

<u>December 31, 2024</u>		<u>Investment Maturities (in Years)</u>			
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	\$ 17,238	\$ 17,238	\$ -0-	\$ -0-	\$ -0-
Mutual Funds	10,136,450	10,136,450	-0-	-0-	-0-
Exchange Traded Funds	<u>3,373,072</u>	<u>3,373,072</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>13,526,760</u>	\$ <u>13,526,760</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

<u>December 31, 2023</u>		<u>Investment Maturities (in Years)</u>			
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	\$ 80,619	\$ 80,619	\$ -0-	\$ -0-	\$ -0-
Mutual Funds	5,273,698	5,273,698	-0-	-0-	-0-
Exchange Traded Funds	<u>1,694,418</u>	<u>1,694,418</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>7,048,735</u>	\$ <u>7,048,735</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

The Hospital's investments are recorded at fair value as of December 31, 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. The Hospital's investments for the years ended December 31, 2024 and 2023 were measured using Level 2 inputs.

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

	<u>2024</u>	<u>2023</u>
Carrying amount		
Deposits	\$ 14,174,271	\$ 19,254,904
Investments	<u>13,526,760</u>	<u>7,048,735</u>
	\$ <u>27,701,031</u>	\$ <u>26,303,639</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 10,298,923	\$ 15,007,758
Assets whose use is limited - noncurrent	3,875,348	4,247,146
Investments	<u>13,526,760</u>	<u>7,048,735</u>
	\$ <u>27,701,031</u>	\$ <u>26,303,639</u>

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Account balances according to banks' records at December 31, for the Hospital are as follows:

	<u>2024</u>	<u>2023</u>
Deposits with financial institutions	\$ <u>27,291,432</u>	\$ <u>19,945,972</u>
Insured by FDIC	\$ <u>1,006,580</u>	\$ <u>1,006,271</u>
Collateralization by fair market value	\$ <u>26,284,852</u>	\$ <u>18,939,701</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2024</u>	<u>2023</u>
Patient accounts receivable	\$ 12,914,993	\$ 10,033,574
Estimated allowances for uncollectibles	<u>(6,322,000)</u>	<u>(3,765,000)</u>
Net accounts receivable	\$ <u>6,592,993</u>	\$ <u>6,268,574</u>

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

	<u>2024</u>	<u>2023</u>
Medicare	12%	13%
Medicare managed care plans	17%	19%
Medicaid and Medicaid managed care plans	26%	35%
Blue Cross	12%	7%
Commercial and other third-party payors	9%	9%
Patients	<u>24%</u>	<u>17%</u>
Total	<u>100%</u>	<u>100%</u>

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 5 - CAPITAL ASSETS, NET

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

	<u>2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2024</u>
Nondepreciable capital assets					
Land	\$ 1,019,280	\$ -0-	\$ -0-	\$ -0-	\$ 1,019,280
Construction in progress	<u>468,479</u>	<u>1,993,445</u>	<u>-0-</u>	<u>(259,079)</u>	<u>2,202,845</u>
Total nondepreciable capital assets	\$ <u>1,487,759</u>	\$ <u>1,993,445</u>	\$ <u>-0-</u>	\$ <u>(259,079)</u>	\$ <u>3,222,125</u>
Depreciable capital assets					
Land improvements	\$ 1,763,063	\$ -0-	\$ -0-	\$ -0-	\$ 1,763,063
Buildings	36,523,311	156,715	-0-	-0-	36,680,026
Fixed equipment	14,591,130	108,397	3,400	93,126	14,789,253
Major movables	27,381,374	1,425,301	181,214	165,953	28,791,414
Intangibles	<u>3,213,222</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,213,222</u>
Total depreciable capital assets	83,472,100	1,690,413	184,614	259,079	85,236,978
Accumulated depreciation and amortization	<u>52,135,994</u>	<u>4,140,145</u>	<u>184,609</u>	<u>-0-</u>	<u>56,091,530</u>
Total depreciable capital assets, net	\$ <u>31,336,106</u>	\$ <u>(2,449,732)</u>	\$ <u>5</u>	\$ <u>259,079</u>	\$ <u>29,145,448</u>
Right-of-use capital assets					
Buildings	\$ 501,459	\$ -0-	\$ -0-	\$ -0-	\$ 501,459
Equipment	<u>876,355</u>	<u>14,431</u>	<u>191,468</u>	<u>-0-</u>	<u>699,318</u>
Total right-of-use capital assets	1,377,814	14,431	191,468	-0-	1,200,777
Accumulated amortization	<u>697,959</u>	<u>431,139</u>	<u>191,468</u>	<u>-0-</u>	<u>937,630</u>
Total right-of-use capital assets, net	\$ <u>679,855</u>	\$ <u>(416,708)</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>263,147</u>

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 5 - CAPITAL ASSETS, NET (Continued)

	<u>2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2023</u>
Nondepreciable capital assets					
Land	\$ 875,780	\$ 142,500	\$ -0-	\$ 1,000	\$ 1,019,280
Construction in progress	<u>3,427,686</u>	<u>994,638</u>	<u>-0-</u>	<u>(3,953,845)</u>	<u>468,479</u>
Total nondepreciable capital assets	\$ <u>4,303,466</u>	\$ <u>1,137,138</u>	\$ <u>-0-</u>	\$ <u>(3,952,845)</u>	\$ <u>1,487,759</u>
Depreciable capital assets					
Land improvements	\$ 1,666,701	\$ 14,086	\$ -0-	\$ 82,276	\$ 1,763,063
Buildings	35,811,833	383,875	1,413	329,016	36,523,311
Fixed equipment	11,934,894	19,122	3,365	2,640,479	14,591,130
Major movables	25,613,393	1,468,675	601,768	901,074	27,381,374
Intangibles	<u>3,213,222</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,213,222</u>
Total depreciable capital assets	78,240,043	1,885,758	606,546	3,952,845	83,472,100
Accumulated depreciation and amortization	<u>48,619,681</u>	<u>4,113,412</u>	<u>597,099</u>	<u>-0-</u>	<u>52,135,994</u>
Total depreciable capital assets, net	\$ <u>29,620,362</u>	\$ <u>(2,227,654)</u>	\$ <u>9,447</u>	\$ <u>3,952,845</u>	\$ <u>31,336,106</u>
Right-of-use capital assets					
Buildings	\$ 340,198	\$ 161,261	\$ -0-	\$ -0-	\$ 501,459
Equipment	<u>649,562</u>	<u>234,324</u>	<u>7,531</u>	<u>-0-</u>	<u>876,355</u>
Total right-of-use capital assets	989,760	395,585	7,531	-0-	1,377,814
Accumulated amortization	<u>439,755</u>	<u>265,735</u>	<u>7,531</u>	<u>-0-</u>	<u>697,959</u>
Total right-of-use capital assets, net	\$ <u>550,005</u>	\$ <u>129,850</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>679,855</u>

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 6 - SUBSCRIPTION ASSETS

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

		<u>2023</u>		<u>Additions</u>		<u>Disposals</u>		<u>Transfers</u>		<u>2024</u>
Subscription-based assets	\$	6,577,139	\$	80,135	\$	35,753	\$	-0-	\$	6,621,521
Accumulated amortization		<u>1,915,880</u>		<u>1,029,740</u>		<u>35,753</u>		<u>-0-</u>		<u>2,909,867</u>
Total subscription-based assets, net	\$	<u>4,661,259</u>	\$	<u>(949,605)</u>	\$	<u>-0-</u>	\$	<u>-0-</u>	\$	<u>3,711,654</u>
		<u>2022</u>		<u>Additions</u>		<u>Disposals</u>		<u>Transfers</u>		<u>2023</u>
Subscription-based assets	\$	6,393,209	\$	204,334	\$	20,404	\$	-0-	\$	6,577,139
Accumulated amortization		<u>934,725</u>		<u>1,001,559</u>		<u>20,404</u>		<u>-0-</u>		<u>1,915,880</u>
Total subscription-based assets, net	\$	<u>5,458,484</u>	\$	<u>(797,225)</u>	\$	<u>-0-</u>	\$	<u>-0-</u>	\$	<u>4,661,259</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>2024</u>		<u>2023</u>
<u>By Third Parties</u>				
Held by ordinance for use of sales tax	\$	2,371,228	\$	2,756,876
Sinking fund requirements		467,304		441,599
<u>By Board</u>				
Capital projects		10,994		10,865
Retirement funding		1,025,822		1,037,806
Less limited use assets required for current liabilities		<u>-0-</u>		<u>-0-</u>
Non-current limited use assets	\$	<u>3,875,348</u>	\$	<u>4,247,146</u>

The total amount restricted by third parties is shown as restricted net position on the balance sheet. These amounts are \$2,838,532 and \$3,198,475 at December 31, 2024 and 2023, respectively.

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 8 - COMPENSATED ABSENCES

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

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

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

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

A summary of compensated absences at December 31, follows:

	<u>2023</u>	<u>Net Change</u>	<u>2024</u>	<u>Current Portion</u>
Vacation time	\$ 1,873,255	\$ (18,226)	\$ 1,855,029	\$ 1,007,247
Holiday time	41,906	(15,126)	26,780	26,780
Sick time	<u>764,532</u>	<u>(2,088)</u>	<u>762,444</u>	<u>670,155</u>
Totals	\$ <u>2,679,693</u>	\$ <u>(35,440)</u>	\$ <u>2,644,253</u>	\$ <u>1,704,182</u>

NOTE 9 - LONG-TERM DEBT

A summary of long-term debt, including capital leases, at December 31, follows:

	<u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>2024</u>	<u>Due Within One Year</u>
Revenue Bond, Series 2009	\$ 1,618,176	\$ -0-	\$ 99,335	\$ 1,518,841	\$ 103,698
Sales Tax Bond, Series 2015	1,121,000	-0-	552,000	569,000	569,000
Sales Tax Bond, Series 2017	<u>730,000</u>	<u>-0-</u>	<u>175,000</u>	<u>555,000</u>	<u>180,000</u>
Total	\$ <u>3,469,176</u>	\$ <u>-0-</u>	\$ <u>826,335</u>	\$ <u>2,642,841</u>	\$ <u>852,698</u>

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 - LONG-TERM DEBT (Continued)

	<u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>2023</u>	<u>Due Within One Year</u>
Revenue Bond, Series 2009	\$ 1,713,683	\$ -0-	\$ 95,507	\$ 1,618,176	\$ 99,335
Sales Tax Bond, Series 2015	1,657,000	-0-	536,000	1,121,000	552,000
Sales Tax Bond, Series 2017	<u>900,000</u>	<u>-0-</u>	<u>170,000</u>	<u>730,000</u>	<u>175,000</u>
Total	\$ <u>4,270,683</u>	\$ <u>-0-</u>	\$ <u>801,507</u>	\$ <u>3,469,176</u>	\$ <u>826,335</u>

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

- Revenue Bond, Series 2009 at 4.125% collateralized by pledge and dedication of hospital revenue, with principal and interest payable in monthly installments of \$13,700, starting September 9, 2012 through August 9, 2036.
- Sales Tax Bond, Series 2015 at 2.00% collateralized by the proceeds of sales taxes, with principal payable annually and interest semi-annually, starting March 1, 2016 through September 1, 2025.
- Sales Tax Bond, Series 2017 at 2.24% collateralized by the proceeds of sales taxes, with principal payable annually and interest semi-annually, starting March 1, 2018 through September 1, 2027.

The Hospital has covenanted to establish a Reserve Fund and Contingency Fund with required monthly deposits for its Revenue Bond, Series 2009. The required monthly deposits are \$685 to each the Reserve Fund and Contingency Fund. Once the Reserve Fund reaches a balance of \$164,400 the monthly deposits cease and the required monthly deposits for the Contingency Fund will increase to \$1,370.

The Hospital has covenanted to establish a Sinking Fund with required monthly deposits for its Sales Tax Bonds, Series 2015 and 2017. The required monthly deposits are equal to the annual debt service divided by twelve. The debt service is paid through the sinking fund.

Scheduled principal and interest repayments on the long-term debt follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 852,698	\$ 86,448	\$ 939,146
2026	293,057	64,743	357,800
2027	302,600	56,056	358,656
2028	117,196	47,204	164,400
2029	122,260	42,140	164,400
2029 to 2034	692,769	129,231	822,000
2035 to 2036	<u>262,261</u>	<u>9,497</u>	<u>271,758</u>
Totals	\$ <u>2,642,841</u>	\$ <u>435,319</u>	\$ <u>3,078,160</u>

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 10 - LEASE LIABILITY

The following is a summary of the changes in lease liability obligations as of December 31:

	<u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>2024</u>	<u>Due Within One Year</u>
Building	\$ 307,903	\$ -0-	\$ 93,580	\$ 214,323	\$ 100,071
Equipment	411,077	14,468	341,686	83,859	74,848
Total	<u>\$ 718,980</u>	<u>\$ 14,468</u>	<u>\$ 435,266</u>	<u>\$ 298,182</u>	<u>\$ 174,919</u>

	<u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>2023</u>	<u>Due Within One Year</u>
Building	\$ 223,616	\$ 161,261	\$ 76,974	\$ 307,903	\$ 93,580
Equipment	354,921	234,270	178,114	411,077	338,933
Total	<u>\$ 578,537</u>	<u>\$ 395,531</u>	<u>\$ 255,088</u>	<u>\$ 718,980</u>	<u>\$ 432,513</u>

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

- Lease liability obligation for a building at imputed interest rate of 5.25% with a monthly payment of \$6,106 through April 1, 2026.
- Lease liability obligation for a building at imputed interest rate of 10.25% with a monthly payment of \$3,417 through June 1, 2028.
- Various lease liability obligations for equipment at imputed interest rates ranging from 4.75% to 10.50% with total monthly payments ranging from \$809 to \$22,500 through May 1, 2025.

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 174,919	\$ 15,704	\$ 190,623
2026	60,313	8,381	68,694
2027	39,885	4,385	44,270
2028	23,065	704	23,769
2029	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Totals	<u>\$ 298,182</u>	<u>\$ 29,174</u>	<u>\$ 327,356</u>

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 11 - SUBSCRIPTION LIABILITIES

A summary of subscription liabilities follows:

	<u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>2024</u>	<u>Due Within One Year</u>
Totals	\$ <u>4,701,077</u>	\$ <u>80,135</u>	\$ <u>1,016,770</u>	\$ <u>3,764,442</u>	\$ <u>964,252</u>

	<u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>2023</u>	<u>Due Within One Year</u>
Totals	\$ <u>5,497,198</u>	\$ <u>204,334</u>	\$ <u>1,000,455</u>	\$ <u>4,701,077</u>	\$ <u>981,717</u>

The District began recognizing subscription liability obligations related to the adoption of GASB 96 during fiscal year 2023. The subscription liability obligations relate to subscription-based information technology arrangements at imputed interest rates from 3.25% to 8.50% with maturity dates ranging from March 31, 2024 to December 31, 2028.

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 964,252	\$ 121,809	\$ 1,086,061
2026	919,792	87,278	1,007,070
2027	936,067	54,537	990,604
2028	942,644	21,396	964,040
2029	<u>1,687</u>	<u>14</u>	<u>1,701</u>
Totals	\$ <u>3,764,442</u>	\$ <u>285,034</u>	\$ <u>4,049,476</u>

NOTE 12 - NET PATIENT SERVICE REVENUES

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

Medicare - 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 payment received under the Medicare low volume add-on was \$646,876 and \$578,769 for the years ended December 31, 2024 and 2023. 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. Adult psychiatry

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 12 - NET PATIENT SERVICE REVENUES (Continued)

services are reimbursed based on a prospective method based on length of stay, diagnosis, and other factors. The District's Medicare cost reports have been settled by the Medicare fiscal intermediary through December 31, 2021. The intermediary may reopen and further adjust any year within three years of the date of a Notice of Program Reimbursement.

Medicaid - Inpatient 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. Adult psychiatry services are reimbursed on a prospectively determined per diem rate. The District's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through December 31, 2018.

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 11% of the total gross charges for the years ended December 31, 2024 and 2023, respectively.

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

	<u>2024</u>	<u>2023</u>
Gross charges	\$ 211,265,697	\$ 195,006,779
Less charges associated with charity patients	<u>756,640</u>	<u>278,533</u>
Gross patient service revenue	210,509,057	194,728,246
Less deductions from revenue:		
Contractual adjustments	145,151,710	134,213,427
Policy discounts	<u>1,432,695</u>	<u>1,330,274</u>
Patient service revenue (net of contractual adjustments)	63,924,652	59,184,545
Less provision for bad debts	<u>7,402,301</u>	<u>4,574,994</u>
Net patient service revenue less provision for bad debts	\$ <u>56,522,351</u>	\$ <u>54,609,551</u>

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 12 - NET PATIENT SERVICE REVENUES (Continued)

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

	<u>2024</u>	<u>2023</u>
Medicare and Medicaid patient charges	\$ 118,647,675	\$ 119,851,683
Contractual adjustments	<u>(83,395,948)</u>	<u>(83,079,874)</u>
Program patient service revenue	\$ <u>35,251,727</u>	\$ <u>36,771,809</u>
Percent of total gross patient charges	<u>56%</u>	<u>61%</u>
Percent of total net patient revenues	<u>62%</u>	<u>67%</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 a decrease in net patient service revenue of \$36,047 and an increase of \$8,010 in 2024 and 2023, respectively.

NOTE 13 - PROFESSIONAL LIABILITY RISK

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

NOTE 14 - CONTINGENCIES

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

The principal contingencies are described below:

Governmental Third-Party Reimbursement Programs (Note 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

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 14 - CONTINGENCIES (Continued)

has the ability to deny reimbursement for Medicare patient claims which have already been paid to the Hospital.

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

Professional Liability Risk (Note 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.

NOTE 15 - PENSION PLAN

The District has a defined contribution pension plan, established in accordance with Section 401(a) of the *Internal Revenue Code*. The District also has a second voluntary defined contribution pension plan, established in accordance with Section 457 of the *Internal Revenue Code* for employee contributions only. The Abbeville General Hospital retirement plans are administered by The Standard Insurance Company who holds all plan assets. Any eligible employee who is credited with at least one year of preliminary service, in which the employee has 1,000 hours of service during that time period, will qualify to participate in the plan. The District contributes five percent of the covered payroll to the 401(a) pension plan. The District holds all rights to change and/or stop its contribution at any time. Employees are immediately vested in their contributions. The District has a five-year vesting schedule that applies to the employer contributions. Actual contributions made by the District for the years ended December 31, 2024 and 2023 were \$1,057,320 and \$1,003,272. The employees of the District contributed \$828,652 and \$806,190 for the years ended December 31, 2024 and 2023, respectively.

NOTE 16 - EMPLOYEE MEDICAL BENEFIT PLAN

The Hospital is self-insured to provide group medical coverage for its employees. A third-party administers the group medical coverage for the Hospital. The Hospital funds its losses based on actual claims. A stop-loss insurance contract executed with an insurance carrier covers individual claims in excess of \$100,000 or aggregate claims exceeding \$4,679,107 per year. There were no significant changes in insurance coverage from the prior year. 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.

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 16 - EMPLOYEE MEDICAL BENEFIT PLAN (Continued)

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

	<u>2024</u>	<u>2023</u>
Beginning of the year	\$ 174,671	\$ 314,045
Plus: Claims incurred and changes in estimate	2,649,492	2,662,883
Less: Claims paid	<u>2,770,812</u>	<u>2,802,257</u>
End of the year	\$ <u>53,351</u>	\$ <u>174,671</u>

NOTE 17 - SALES TAX REVENUE

On July 19, 2008, the voters of the District passed a half cent sales tax in perpetuity. The terms of the vote stipulated that the sales tax was in lieu of ad valorem taxes; therefore, no further ad valorem taxes would be collected by the District. The sales tax collections are restricted to paying the cost of emergency room operations and acquiring, maintaining and improving hospital buildings, equipment and other capital facilities within the Hospital Service District No. 2. Sales tax revenue is approximately 5% and 5% of the total revenues in 2024 and 2023, respectively.

NOTE 18 - CHARITY CARE

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of charity care or owe a reduced "sliding scale" amount based on the patient's level of income in comparison to the Federal Poverty Guidelines based on a 200% scale. Accordingly, the Hospital does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. The costs of caring for charity care patients were approximately \$271,000 and \$102,000 for the years ended December 31, 2024 and 2023, respectively.

NOTE 19 - 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 \$3,773,042 and \$4,791,516 related to this program for the years ended December 31, 2024 and 2023, respectively.

The Hospital entered into an Intergovernmental Transfer Agreement (IGT) with the Louisiana Department of Health (LDH) as part of Louisiana Physician IPA, Inc. which is a physician supplemental program. In fiscal year 2024, the Hospital received approximately \$5.9 million in Medicaid supplemental payments of which approximately \$2.3 million was submitted to LDH as an IGT. In fiscal year 2023, the Hospital received approximately \$6.7 million in Medicaid supplemental payments of which approximately \$2.7 million was submitted to LDH as an IGT.

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 19 - 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 \$12,728,179 and \$11,323,054 for the years ended December 31, 2024 and 2023, 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 20 - COMMITMENTS

The Hospital entered into various construction contracts, which totaled \$1,412,870, including change orders as of December 31, 2024. The Hospital paid \$1,112,585 towards these commitments as of December 31, 2024.

NOTE 21 - CHANGE IN METHOD OF ACCOUNTING FOR COMPENSATED ABSENCES

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

	2023 As Previously Reported	Restatement - GASB 101 implementation	2023 As Restated
Accrued vacation payable	\$ 1,730,840	\$ (1,730,840)	\$ -
Compensated absences (short-term)	\$ -	\$ 1,731,039	\$ 1,731,039
Compensated absences (long-term)	\$ -	\$ 948,654	\$ 948,654
Net position (unrestricted)	\$ 32,989,800	\$ (948,853)	\$ 32,040,947
Salaries	\$ 33,451,086	\$ 18,267	\$ 33,469,353

ABBEVILLE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 22 - COOPERATIVE ENDEAVOR AGREEMENT

The District has agreed to a cooperative endeavor (CEA) with other like-minded Louisiana hospitals, per Louisiana's Rural Hospital Preservation Act. The intent of this arrangement is to pool 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 \$3,311,899 and \$2,236,959 for the year ended December 31, 2024 and 2023, respectively. This was recorded as an expense called Access to Care.

NOTE 23 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 17, 2025, and determined that no material events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

ABBEVILLE GENERAL HOSPITAL
SCHEDULES OF NET PATIENT SERVICE REVENUES
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Routine Services:		
Adults and pediatric	\$ 13,435,213	\$ 11,586,561
Intensive care unit	2,741,750	2,560,395
Psychiatric	7,764,164	7,139,821
Nursery	<u>643,318</u>	<u>555,731</u>
Total	<u>24,584,445</u>	<u>21,842,508</u>
Other Professional Services:		
Operating room		
Inpatient	6,080,848	5,124,660
Outpatient	<u>15,433,383</u>	<u>15,989,951</u>
Total	<u>21,514,231</u>	<u>21,114,611</u>
Recovery room		
Inpatient	195,200	189,407
Outpatient	<u>950,195</u>	<u>921,250</u>
Total	<u>1,145,395</u>	<u>1,110,657</u>
Anesthesia		
Inpatient	1,214,049	1,153,714
Outpatient	<u>3,503,264</u>	<u>3,494,440</u>
Total	<u>4,717,313</u>	<u>4,648,154</u>
Diagnostic imaging		
Inpatient	5,090,662	4,256,973
Outpatient	<u>31,190,354</u>	<u>27,997,202</u>
Total	<u>36,281,016</u>	<u>32,254,175</u>
Laboratory		
Inpatient	7,766,868	7,356,978
Outpatient	<u>34,604,338</u>	<u>31,153,257</u>
Total	<u>\$ 42,371,206</u>	<u>\$ 38,510,235</u>

ABBEVILLE GENERAL HOSPITAL
SCHEDULES OF NET PATIENT SERVICE REVENUES (Continued)
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Blood		
Inpatient	\$ 266,313	\$ 303,660
Outpatient	<u>110,529</u>	<u>146,871</u>
Total	<u>376,842</u>	<u>450,531</u>
Cardiopulmonary		
Inpatient	3,365,397	2,969,864
Outpatient	<u>642,082</u>	<u>627,615</u>
Total	<u>4,007,479</u>	<u>3,597,479</u>
Physical therapy		
Inpatient	306,659	312,658
Outpatient	<u>64,044</u>	<u>63,507</u>
Total	<u>370,703</u>	<u>376,165</u>
EKG		
Inpatient	959,189	869,004
Outpatient	<u>2,482,969</u>	<u>2,568,882</u>
Total	<u>3,442,158</u>	<u>3,437,886</u>
Central supply		
Inpatient	1,018,621	1,058,796
Outpatient	<u>1,634,699</u>	<u>1,618,097</u>
Total	<u>2,653,320</u>	<u>2,676,893</u>
Pharmacy		
Inpatient	7,262,017	6,593,636
Outpatient	<u>22,023,443</u>	<u>19,458,798</u>
Total	<u>29,285,460</u>	<u>26,052,434</u>
Dialysis		
Inpatient	279,305	213,670
Outpatient	<u>43,261</u>	<u>60,245</u>
Total	\$ <u>322,566</u>	\$ <u>273,915</u>

ABBEVILLE GENERAL HOSPITAL
SCHEDULES OF NET PATIENT SERVICE REVENUES (Continued)
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Sleep center	\$ <u>2,942,077</u>	\$ <u>2,948,798</u>
Outpatient psychiatric program	<u>-0-</u>	<u>610,297</u>
Infusion/oncology services		
Inpatient	8,507	2,662
Outpatient	<u>1,121,502</u>	<u>1,086,938</u>
Total	<u>1,130,009</u>	<u>1,089,600</u>
Emergency department		
Inpatient	3,403,591	2,770,675
Outpatient	<u>16,279,836</u>	<u>15,163,890</u>
Total	<u>19,683,427</u>	<u>17,934,565</u>
Observation room		
Inpatient	-0-	(273)
Outpatient	<u>2,015,671</u>	<u>2,562,909</u>
Total	<u>2,015,671</u>	<u>2,562,636</u>
Rural health clinics	<u>11,423,637</u>	<u>11,353,470</u>
Urgent care clinic	<u>1,995,087</u>	<u>2,009,206</u>
Private physician clinic	<u>1,003,655</u>	<u>152,564</u>
Total Other Professional Services	<u>186,681,252</u>	<u>173,164,271</u>
Gross Charges	211,265,697	195,006,779
Less charges associated with charity patients	<u>(756,640)</u>	<u>(278,533)</u>
Gross patient service revenue	\$ <u>210,509,057</u>	\$ <u>194,728,246</u>

ABBEVILLE GENERAL HOSPITAL
SCHEDULES OF NET PATIENT SERVICE REVENUES (Continued)
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Less deductions from revenue:		
Contractual adjustments	\$ (145,151,710)	\$ (134,213,427)
Policy discounts	<u>(1,432,695)</u>	<u>(1,330,274)</u>
Patient service revenue	63,924,652	59,184,545
Less provision for bad debts	<u>(7,402,301)</u>	<u>(4,574,994)</u>
Net Patient Service Revenue	\$ <u>56,522,351</u>	\$ <u>54,609,551</u>

ABBEVILLE GENERAL HOSPITAL
SCHEDULES OF OTHER OPERATING REVENUES
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Cafeteria sales	\$ 450,880	\$ 393,838
Vending machine commission	16,669	16,806
Physician office rentals	24,466	42,832
Medical records abstract fees	7,094	6,505
340B revenue	543,398	706,090
Miscellaneous revenue	<u>178,858</u>	<u>136,616</u>
Total other operating revenue	\$ <u>1,221,365</u>	\$ <u>1,302,687</u>

ABBEVILLE GENERAL HOSPITAL
SCHEDULES OF OPERATING EXPENSES – SALARIES AND BENEFITS
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Human resources	\$ 190,623	\$ 182,073
Administration	4,375,468	4,151,119
Facility maintenance	720,717	639,807
Laundry and linen	35,004	34,022
Housekeeping	839,468	792,320
Food and nutrition	787,689	711,960
Nursing administration	1,093,535	1,070,568
Materials management	387,845	348,140
Pharmacy	1,107,055	1,073,363
Health information management	1,487,632	1,494,083
Nursing services, acute care	3,190,366	2,722,003
Nursing services, intensive care unit	1,128,430	934,433
Nursing services, psychiatric unit	-0-	553,270
Nursing services, nursery	326,823	270,956
Operating room	2,253,702	1,972,046
Recovery room	740,423	674,763
Anesthesiology	2,011,919	1,894,609
Diagnostic imaging	1,811,407	1,721,855
Laboratory	1,447,379	1,338,246
Cardiopulmonary	1,185,534	1,016,943
Dialysis	166,802	146,859
Sleep center	15,643	18,000
Infusion/oncology services	590,314	507,181
Emergency department	2,607,700	2,214,689
Rural health clinics	6,603,255	6,291,521
Specialty clinic	33,757	35,715
Abbeville specialty care services	231,801	16,961
Urgent care clinic	<u>678,675</u>	<u>641,848</u>
 Total salaries	 <u>36,048,966</u>	 <u>33,469,353</u>
 Payroll taxes	 2,455,210	 2,269,005
Health insurance	2,649,492	2,662,883
Pension plan	1,057,320	1,003,272
Other	<u>133,044</u>	<u>129,605</u>
 Total benefits	 <u>6,295,066</u>	 <u>6,064,765</u>
 Total salaries and benefits	 \$ <u>42,344,032</u>	 \$ <u>39,534,118</u>

ABBEVILLE GENERAL HOSPITAL
SCHEDULES OF OPERATING EXPENSES – PROFESSIONAL FEES
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Nursing service	\$ 754,355	\$ 680,203
Intensive care unit	248,665	180,836
Psychiatric unit	1,899,033	1,384,530
Nursery	21,186	61,787
Operating room	322,008	270,645
Anesthesiology	384,739	163,097
Diagnostic imaging	81,910	155,810
Laboratory	661,325	622,455
Cardiopulmonary	153,753	351,207
Physical therapy	97,631	88,583
EKG	109,072	160,752
Sleep center	386,868	382,147
Infusion/oncology services	795,876	698,206
Emergency department	170,932	499,042
Rural health clinics	967,148	951,083
Abbeville specialty care services	387,599	110,225
Urgent care clinic	<u>11,103</u>	<u>1,333</u>
 Total professional fees	 \$ <u>7,453,203</u>	 \$ <u>6,761,941</u>

ABBEVILLE GENERAL HOSPITAL
SCHEDULES OF OPERATING EXPENSES – OTHER EXPENSES
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Management fees	\$ 26,075	\$ 11,650
Miscellaneous service fees	1,317,640	1,280,586
Legal and accounting	290,322	228,707
Supplies	1,892,122	1,813,882
Repairs and maintenance	2,222,754	1,916,518
Utilities	1,061,573	1,048,128
Telephone	277,211	225,570
Travel and education	66,835	56,090
Rentals	253,858	437,289
Recruitment and advertising	156,717	159,055
Intergovernmental transfer	1,904,434	1,502,400
Access to care expenses	3,311,899	2,236,959
Miscellaneous	<u>828,165</u>	<u>797,891</u>
 Total other expenses	 \$ <u>13,609,605</u>	 \$ <u>11,714,725</u>

ABBEVILLE GENERAL HOSPITAL
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
John Boudreaux	\$ 3,000	\$ 2,750
Jody Landry	2,625	2,500
Oswald Broussard	2,750	2,625
John Budden	2,875	2,500
Anita Levy	3,000	2,750
Daleon Primeaux	2,375	1,750
Kelly Richard	<u>3,000</u>	<u>2,625</u>
Totals	\$ <u>19,625</u>	\$ <u>17,500</u>

ABBEVILLE GENERAL HOSPITAL
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2024

Agency Head Name: Michael Bertrand, II
Position: CEO

<u>Purpose</u>	<u>Amount</u>
Salary	310,562
Health insurance	16,340
Retirement	11,829
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	1,749
Conference travel	1,920
Continuing professional education fees	585
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-
Professional dues	265
Cell phone	1,100

ABBEVILLE GENERAL HOSPITAL
SCHEDULE OF INSURANCE POLICIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Risk Covered	Coverage Limits		Beginning	Ending
	Per Occurrence	In Aggregate		
General Liability	\$ 500,000	\$ 2,000,000	11/1/2023	11/1/2024
General Liability	\$ 1,000,000	\$ 2,000,000	11/1/2024	11/1/2025
Directors and Officers	\$ 250,000	\$ 2,000,000	5/30/2023	5/30/2024
Directors and Officers	\$ 250,000	\$ 2,000,000	5/30/2024	5/30/2025
Professional Liability	\$ 100,000	\$ 2,000,000	11/1/2023	11/1/2024
Professional Liability	\$ 100,000	\$ 2,000,000	11/1/2024	11/1/2025
Patient Compensation Fund	\$ 400,000		11/1/2023	11/1/2024
Patient Compensation Fund	\$ 400,000		11/1/2024	11/1/2025
Cyber Liability	\$ 2,000,000	\$ 2,000,000	11/1/2023	11/1/2024
Cyber Liability	\$ 2,000,000	\$ 2,000,000	11/1/2024	11/1/2025
Property Insurance		\$ 130,122,825	5/30/2023	5/30/2024
Property Insurance		\$ 135,874,020	5/30/2024	5/30/2025
Flood Insurance		\$ 500,000	7/29/2023	7/29/2024
Flood Insurance		\$ 500,000	7/29/2024	7/29/2025
Prof. Liab./PCF Coverage	\$ 100,000	\$ 300,000	8/1/2023	8/1/2024
Prof. Liab./PCF Coverage	\$ 100,000	\$ 300,000	8/1/2024	8/1/2025
Worker's Compensation		\$ 1,000,000	1/1/2024	1/1/2025



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Bobby G. Lester, CPA
(1949-2023)

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

To the Board of Commissioners
Hospital Service District No. 2
Parish of Vermilion, State of Louisiana
Abbeville, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hospital Service District No. 2, Parish of Vermilion ("the Hospital"), a component unit of the Vermilion Parish Police Jury, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 17, 2025.

Report on Internal Control Over Financial Reporting

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Commissioners
Hospital Service District No. 2
Parish of Vermilion, State of Louisiana
Abbeville, 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*.

Purpose of this Report

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

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

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

June 17, 2025





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

To the Board of Commissioners
Hospital Service District No. 2
Parish of Vermilion, State of Louisiana
Abbeville, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hospital Service District No. 2's, Parish of Vermilion ("the Hospital"), a component unit of the Vermilion Parish Police Jury, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended December 31, 2024. The Hospital's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Hospital's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Hospital's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over compliance. Accordingly, no such opinion is expressed.

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



Board of Commissioners
Hospital Service District No. 2
Parish of Vermilion, State of Louisiana
Abbeville, Louisiana
Page Three

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

June 17, 2025



ABBEVILLE GENERAL HOSPITAL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Program Name/ Pass-Through Grantor	Assistance Listing Number	Pass-through Identifying No.	Federal Expenditures
United States Department of Agriculture			
Community Facilities Loans and Grants	10.766		\$ <u>1,618,176</u>
Total Expenditures of Federal Awards			\$ <u><u>1,618,176</u></u>

See accompanying notes to schedule of expenditures of federal awards.

ABBEVILLE GENERAL HOSPITAL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Hospital Service District No. 2, Parish of Vermilion (“the Hospital”) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Hospital.

NOTE B – Summary of Significant Accounting Policies

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

NOTE C – Indirect Cost Rate

The Hospital has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – Loans and Loan Guarantees

Because the Federal government is at risk for loans until the debt is repaid, federal awards amount expended includes (1) the value of new loans made and received during the audit period; plus (2) the beginning of the audit period balances of loans from previous years for which the Federal government imposes continuing compliance requirements; plus (3) any interest subsidy, cash, or administrative cost allowance received in accordance with the Uniform Guidance described in 2 CFR section 200.502. Total outstanding loan balance due to the United States Department of Agriculture at December 31, 2024 was \$1,518,841.

ABBEVILLE GENERAL HOSPITAL
AUDITORS' SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material weaknesses identified – No
- Significant deficiencies identified – None Known

Compliance:

- Noncompliance issues noted – None

Management letter issued – No

Federal Awards

- Material weaknesses identified – No
- Significant deficiencies identified – None Known
- Type of auditors' report issued on compliance for major programs – Unmodified
- Any audit findings which are required to be reported under Uniform Guidance – No
- Any instances of material noncompliance in major programs disclosed during the audit – No
- Identification of Major Programs:
 - Assistance Listing # 10.766 United States Department of Agriculture
Community Facilities Loans and Grants (Loan)
- Dollar threshold to distinguish between Type A and Type B Programs - \$750,000
- Auditee qualified as a low-risk auditee – Yes

Section II. Financial Statement Findings

None Reported

Section III. Federal Awards Findings and Questioned Costs

None Reported

Section IV. Management Letter

Not Applicable



ABBEVILLE GENERAL HOSPITAL
AUDITORS' SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

Section I. Financial Statement Findings

Finding 2023-001 - New Accounting Pronouncement

Fiscal Year Initially Reported: December 31, 2023

Condition: Management did not implement GASB 96, *Subscription-Based Information Technology Arrangements*. Assets and liabilities were understated by approximately \$4.7 million.

Resolution: Resolved.

Section II. Federal Awards Findings and Questioned Costs

Not Applicable

Section III. Management Letter

Not Applicable



