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REPORT REVISION NOTICE

Louisiana Legislative Auditor
Baton Rouge, Louisiana

RE: Jackson Parish Hospital Service District No. 1
d/b/a Jackson Parish Hospital
Entity ID # 1566
Reporting Period: 09/30/2021
Jonesboro, Louisiana

To whom it may concern:

The original report package that was submitted to LLA has been revised to include the Single Audit report. Enclosed is the updated report package including the original audit report submission and the additional Single Audit Report submission.

Langlinais Broussard & Kohlenberg

LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, Louisiana

May 31, 2022

FINANCIAL STATEMENTS

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL

September 30, 2021 AND 2020



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FINANCIAL STATEMENTS
JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
September 30, 2021 AND 2020
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Jackson Parish Hospital Service District No. 1
d/b/a Jackson Parish Hospital
Jonesboro, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Jackson Parish Hospital Service District No. 1, d/b/a Jackson Parish Hospital, a component unit of the Jackson Parish Police Jury, State of Louisiana, ("the Hospital"), as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jackson Parish Hospital, a component unit of the Jackson Parish Police Jury, State of Louisiana as of September 30, 2021 and 2020, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

The Hospital has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules identified in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, 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 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.



LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, Louisiana

March 30, 2022

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

STATEMENT OF NET POSITION

SEPTEMBER 30,

ASSETS

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash and Cash Equivalents | \$ 13,593,351 | \$ 13,755,373 |
| Accounts Receivables, Less Allowance for Doubtful Accounts of \$981,135 in 2021 and \$1,020,210 in 2020 | 1,734,240 | 1,438,616 |
| Due from Third Party Payors | 1,708,081 | 2,916,057 |
| Other Receivables | 357,465 | 619,990 |
| Inventories | 518,013 | 442,413 |
| Prepaid Expenses | 213,226 | 160,434 |
| Total Current Assets | <u>18,124,376</u> | <u>19,332,883</u> |
| PROPERTY, PLANT AND EQUIPMENT: | | |
| Property, Plant and Equipment Cost | 19,431,331 | 15,083,946 |
| Less: Accumulated Depreciation | <u>(11,987,272)</u> | <u>(11,151,385)</u> |
| Total Property, Plant and Equipment | <u>7,444,059</u> | <u>3,932,561</u> |
| TOTAL ASSETS | <u>\$ 25,568,435</u> | <u>\$ 23,265,444</u> |

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

STATEMENT OF NET POSITION

SEPTEMBER 30,

LIABILITIES AND NET POSITION

| | 2021 | 2020 |
|---|---------------|---------------|
| CURRENT LIABILITIES: | | |
| Current Portion of Long-Term Debt | \$ 131,927 | \$ 1,336,255 |
| Accounts Payable | 1,055,489 | 721,909 |
| Accrued Salaries and Related Withholdings | 876,175 | 1,237,978 |
| Credit Balances | 237,390 | 235,588 |
| Due to Third Party Payors | 280,883 | 115,603 |
| Due to Employees for Employee Benefits | 90,241 | 90,241 |
| Interest Payable | - | 8,187 |
| | 2,672,105 | 3,745,761 |
| LONG-TERM LIABILITIES: | | |
| Long-Term Debt: | | |
| Obligations under Capital Leases | 50,434 | 182,359 |
| SBA PPP Loan | - | 751,164 |
| Provider Relief Funds | - | 3,994,042 |
| | 50,434 | 4,927,565 |
| | 2,722,539 | 8,673,326 |
| NET POSITION: | | |
| Invested in Capital, Net of Related Debt | 7,261,698 | 3,576,552 |
| Unrestricted | 15,584,198 | 11,015,566 |
| TOTAL NET POSITION | 22,845,896 | 14,592,118 |
| TOTAL LIABILITIES AND NET POSITION | \$ 25,568,435 | \$ 23,265,444 |

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED SEPTEMBER 30,

| | 2021 | 2020 |
|---|----------------------|----------------------|
| OPERATING REVENUES: | | |
| Net Patient Service Revenues before Provision for Doubtful Accounts | \$ 20,276,097 | \$ 16,700,472 |
| Provision for Doubtful Accounts | (839,724) | (1,542,216) |
| Net Patient Service Revenues after Provision for Doubtful Accounts | 19,436,373 | 15,158,256 |
| Intergovernmental Transfers - Operating | 2,041,822 | 2,439,501 |
| Other Operating Revenue | 30,629 | 30,429 |
| TOTAL OPERATING REVENUE | 21,508,824 | 17,628,186 |
| OPERATING EXPENSES: | | |
| Professional Services | 12,790,668 | 11,252,274 |
| General and Administrative | 9,976,811 | 8,582,002 |
| Depreciation and Amortization | 835,887 | 825,970 |
| TOTAL OPERATING EXPENSES | 23,603,366 | 20,660,246 |
| INCOME (LOSS) FROM OPERATIONS | (2,094,542) | (3,032,060) |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Ad Valorem Taxes | 2,177,338 | 2,170,552 |
| Grant Income | 8,135,296 | 100,126 |
| Interest Income | 75,147 | 65,588 |
| Interest Expense | (39,461) | (39,404) |
| TOTAL NON-OPERATING REVENUES | 10,348,320 | 2,296,862 |
| CHANGE IN NET POSITION | 8,253,778 | (735,198) |
| TOTAL NET POSITION, BEGINNING | 14,592,118 | 15,327,316 |
| TOTAL NET POSITION, ENDING | \$ 22,845,896 | \$ 14,592,118 |

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30,

| | 2021 | 2020 |
|---|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received from Patients | \$ 19,952,166 | \$ 15,269,873 |
| Cash Received from Other Revenues | 30,629 | 30,429 |
| Cash Received from Intergovernmental Transfers | 2,041,822 | 2,439,501 |
| Cash Payments to Suppliers for Goods and Services | (8,769,858) | (6,976,865) |
| Cash Payments to Employees for Services | (13,664,041) | (12,667,176) |
| Net Cash Used in Operating Activities | (409,282) | (1,904,238) |
| CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Ad Valorem Taxes | 2,177,338 | 2,170,552 |
| Grant Income | 2,227,483 | 210,863 |
| Net Cash Provided By Non-Capital Financing Activities | 4,404,821 | 2,381,415 |
| CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Purchase of Fixed Assets | (4,310,784) | (1,015,018) |
| Principal Payments on Long-Term Debt | (173,648) | (261,129) |
| Interest Payments on Long-Term Debt | (19,410) | (31,217) |
| Proceeds from the Issuance of Long-Term Debt | 300,000 | 5,907,813 |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | (4,203,842) | 4,600,449 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest Income | 46,281 | 65,588 |
| Net Cash Provided by Financing Activities | 46,281 | 65,588 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (162,022) | 5,143,214 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR FOR 2021 AND 2020, RESPECTIVELY | 13,755,373 | 8,612,159 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR FOR 2021 AND 2020, RESPECTIVELY | \$ 13,593,351 | \$ 13,755,373 |

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

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30,

| | 2021 | 2020 |
|---|---------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Operating Gain | \$ (2,094,542) | \$ (3,032,060) |
| Adjustments to Reconcile Operating Income to Net Cash | | |
| Provided by (Used in) Operating Activities: | | |
| Depreciation and Amortization | 835,887 | 825,970 |
| Provision for Doubtful Accounts | 839,724 | 1,542,216 |
| Decrease (Increase) in Receivables and Due from Third Parties | 166,264 | (1,625,156) |
| Increase in Inventories and Prepaid Expenses | (128,392) | (23,991) |
| (Decrease) Increase in Accounts Payable and Accrued Expenses | (28,223) | 408,783 |
| NET CASH USED IN OPERATING ACTIVITIES | \$ (409,282) | \$ (1,904,238) |

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

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Jackson Parish Hospital Service District No. 1 d/b/a Jackson Parish Hospital (the Hospital) was created in 1950, by the Parish Government of Jackson Parish, Louisiana to operate, control, and manage matters concerning the parish's health care functions. The Jackson Parish Police Jury appoints the Board of Commissioners of the Hospital, and the Hospital may not issue debt without the Parish's approval. For this reason, the Hospital is a component unit of the Jackson Parish Government, Jackson Parish, Louisiana.

Basis of accounting. The accompanying basic financial statements of the Hospital have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB 34 established standards for external financial reporting for all state and local governmental entities, which included a balance sheet or statement of net position, a statement of revenues, expenditures and changes in net position, and a statement of cash flows utilizing the direct method of presentation. GASB 34 is found throughout the GASB Codification. The Hospital follows standards issued by GASB found in the GASB Codification.

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

Proprietary fund accounting. The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized using the economic resources measurement focus and the accrual basis of accounting. Substantially all revenues and expenses are subject to accrual.

Inventories. Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out) or market.

Property, Plant and Equipment. Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Grants and donations. Revenues from grants and donations (including capital contributions of assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and donations may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expense.

Operating revenues and expenses. The Hospital's Statements of Revenues, Expenses and Changes in Net Position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Hospital's principal activity. Non-exchange revenues, including taxes, grants and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Income taxes. The Hospital is a political subdivision and exempt from taxes.

Advertising. The Hospital expenses advertising cost as incurred.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Costs of borrowing. Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Cash and cash equivalents. Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the Hospital may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Trade receivables and allowance for uncollectible accounts. Trade receivables are carried at the original billed amount less an estimate made for uncollectible accounts based on a review of all outstanding amounts monthly. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experiences applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Ad valorem Taxes. The Hospital's property tax is levied by the parish on the taxable real property in the district in late October of each year. Bills are sent out in November of each year and becomes a lien the following March. The collection period for the Hospital's property taxes is from December (at which time they become delinquent) to the succeeding May.

The Hospital received approximately 6.8 percent in 2021, and 10.9 percent in 2020, of its financial support from ad valorem taxes.

Risk Management. The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Restricted resources. When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the Hospital's policy to use restricted resources before unrestricted resources.

Environmental matters. Due to the nature of the Hospital's operations, materials handled could lead to environmental concerns. However, at the time, management is not aware of any environmental matters which need to be considered.

Reclassifications. To be consistent with current year classifications, some items from the previous year have been reclassified with no effect on net assets. Such reclassifications include the reclassification of revenue groupings and/or expense groupings in the supplemental schedules.

Investments in debt and equity securities. Investments in debt and equity securities are carried at fair value except for investments in debt securities with maturities of less than one year at the time of purchase. These investments are reported at amortized cost, which approximates fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating income when earned.

Net Position. GASB 63 and GASB Codification Section P80, states that net position is equal to assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net position classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds.

Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets may be restricted when there are limitations imposed on their use either through external constraints 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.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Unrestricted Net Position consists of net position that does not meet the definition of the two preceding categories.

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

Net patient service revenue. The Hospital has agreements with third-party payors that provide payments to the Hospital at amounts different from its established rates. Inpatient acute care services, swing bed services and outpatient services rendered to Medicare program beneficiaries are reimbursed at cost plus 1% (subject to limits and rules), while other outpatient laboratory services are reimbursed on a fee schedule. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through September 30, 2016.

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day. Certain outpatient services to Medicaid program beneficiaries are reimbursed at cost plus 10%, subject to certain limits, while other outpatient services are reimbursed on a fee schedule. The Hospital is reimbursed for outpatient services at an interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through September 30, 2015.

The Louisiana Legislature, through the Healthcare Reform Act of 2007 and Act 1 of 2010, tasked the Department of Health and Hospitals (the DHH) to create a new system of care. In response, the DHH reformed its reimbursement methodology for Medicaid patients from a fee-for-service system to the use of a Coordinated Care Network (CCN). During 2011, the DHH enabled certain third-party payor companies to contract with providers under the CCN methodology. The Hospital is currently contracted and enrolled with payors participating in the Coordinated Care Network. The Hospital has filed annual cost reports with these payors, which are subject to audit and final settlement.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. These adjustments will be recorded in the year they are realized.

The Hospital has entered payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and per diem rates. To the extent management's estimate differs from actual results, the differences will be used to adjust income in the period when such differences arise.

For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue based on its standard rates for services provided. Based on historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided.

NOTE 2: NET PATIENT SERVICE REVENUE

The following schedule represents total Net Patient Service Revenue:

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Gross Patient Service Revenue | \$ 29,868,273 | \$ 23,944,173 |
| Less: Contractual Adjustments | (9,592,176) | (7,243,701) |
| Net Patient Service Revenue before Provision for Doubtful Accounts | <u>20,276,097</u> | <u>16,700,472</u> |
| Less: Provision for Doubtful Accounts | (839,724) | (1,542,216) |
| Net Patient Service Revenue after Provision for Doubtful Accounts | <u>\$ 19,436,373</u> | <u>\$ 15,158,256</u> |

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 2: NET PATIENT SERVICE REVENUE, CONTINUED

Net Patient Service Revenue by Payor before Provision for Doubtful Accounts:

| | 2021 | 2020 |
|--|---------------|---------------|
| Medicare | \$ 5,216,499 | \$ 4,076,960 |
| Medicaid | 5,312,531 | 5,017,553 |
| All Other Payors | 9,747,067 | 7,605,959 |
| Total Net Patient Service Revenue before Provision for Doubtful Accounts | \$ 20,276,097 | \$ 16,700,472 |

NOTE 3: ACCOUNTS RECEIVABLE - PATIENTS

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with Medicaid, Commercial, and Self-Pay patients, the Hospital records a significant provision for bad debts in the period of service based on its experience and on the age of the receivable balance. The aged balance indicates that third-party claims have reached an age where the probability of payment is low and that self-pay patients are unable or unlikely to pay portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Patient Accounts Receivable consists of the following:

| | 2021 | 2020 |
|--|--------------|--------------|
| Total Patient Accounts Receivable | \$ 4,185,790 | \$ 4,045,694 |
| Less: Allowance for Doubtful Accounts and Contractual Allowances | (2,451,550) | (2,607,078) |
| Net Patient Accounts Receivable | \$ 1,734,240 | \$ 1,438,616 |

NOTE 4: MAJOR SOURCE OF REVENUE

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Hospital derived approximately 45% and 52% of its gross patient service revenue in 2021 and 2020, respectively, from patients covered by the Medicare and Medicaid programs.

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment, by major category, is as follow:

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 5: PROPERTY, PLANT AND EQUIPMENT, CONTINUED

| September 30, 2021 | | | | | |
|------------------------------------|---------------------------|----------------------|--------------|--------------|-------------------|
| | Asset Life in Years | Beginning Balance | Additions | Deletions | Ending Balance |
| Land | | \$ 168,900 | \$ 22,275 | \$ - | \$ 191,175 |
| Construction in Progress | | 536,434 | 3,289,137 | 1,841,558 | 1,984,013 |
| Total assets not being depreciated | | 705,334 | 3,311,412 | 1,841,558 | 2,175,188 |
| Other Capital Assets: | | | | | |
| Land Improvements | 5 - 25 | 266,999 | - | - | 266,999 |
| Building | 10 - 40 | 3,723,514 | 2,100,970 | - | 5,824,484 |
| Capital Leased Property | 5 - 25 | 1,683,503 | - | - | 1,683,503 |
| Fixed Equipment | 5 - 25 | 3,470,737 | 731,864 | - | 4,202,601 |
| Moveable Equipment | 5 - 25 | 4,285,751 | 11,845 | - | 4,297,596 |
| Automobile | 5 | 29,527 | 32,852 | - | 62,379 |
| Minor Equipment | 7 | 918,581 | - | - | 918,581 |
| Total Other Assets | | 14,378,612 | 2,877,531 | - | 17,256,143 |
| Less: Accumulated Depreciation | | (11,151,385) | (835,887) | - | (11,987,272) |
| Net Property, Plant, & Equipment | | \$ 3,932,561 | \$ 8,230,587 | \$ 1,841,558 | \$ 7,444,059 |
| September 30, 2020 | | | | | |
| | Asset Life in Years | Beginning Balance | Additions | Deletions | Ending Balance |
| Land | | \$ 168,900 | \$ - | \$ - | \$ 168,900 |
| Construction in Progress | | - | 536,434 | - | 536,434 |
| Total assets not being depreciated | | 168,900 | 536,434 | - | 705,334 |
| Other Capital Assets: | | | | | |
| Land Improvements | 5 - 25 | 249,471 | 17,528 | - | 266,999 |
| Building | 10 - 40 | 3,617,969 | 105,545 | - | 3,723,514 |
| Capital Leased Property | 5 - 25 | 1,683,503 | - | - | 1,683,503 |
| Fixed Equipment | 5 - 25 | 3,136,427 | 334,310 | - | 3,470,737 |
| Moveable Equipment | 5 - 25 | 4,285,751 | - | - | 4,285,751 |
| Automobile | 5 | 29,527 | - | - | 29,527 |
| Minor Equipment | 7 | 897,381 | 21,200 | - | 918,581 |
| Total Other Assets | | 13,900,029 | 478,583 | - | 14,378,612 |
| Less: Accumulated Depreciation | | (10,325,415) | (825,970) | - | (11,151,385) |
| Net Property, Plant, & Equipment | | \$ 3,743,514 | \$ 189,047 | \$ - | \$ 3,932,561 |

Depreciation expense, which includes amortization of capital leased assets, for the years ended September 30, 2021 and 2020 amounted to \$835,887 and \$825,970, respectively.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 6: LONG-TERM DEBT

Long-term debt at September 30, 2021 and 2020, consisted of the following:

| | 2021 | 2020 |
|--|-----------|--------------|
| Capital Lease Obligation, for the acquisition of two GE Ultrasound machines, collateralized by the equipment, payable in 60 monthly installments at a 3.25% interest rate, with the final maturity in 2020 | \$ - | \$ 8,290 |
| Capital Lease Obligation, for the acquisition of Mindray Telemetry Equipment, collateralized by the equipment, payable in 48 monthly installments at a 4.00% interest rate, maturity in 2021 | - | 31,745 |
| Capital Lease Obligation, for the acquisition of Omnicell Medication Dispensing Equipment, collateralized by the equipment, payable in 60 monthly installments at a 4.75% interest rate, maturity in 2023 | 64,993 | 105,824 |
| Capital Lease Obligation, for the acquisition of Server Equipment, collateralized by the equipment, payable in 60 monthly installments at a 4.25% interest rate, maturity in 2022 | 23,539 | 53,782 |
| Capital Lease Obligation, for the acquisition of 3D Mammogram Equipment, collateralized by the equipment, payable in 60 monthly installments at a 4.75% interest rate, maturity in 2023 | 93,829 | 156,367 |
| Small Business Administration Paycheck Protection Program Loan, dated May 1, 2020, bearing an interest rate of 1.0%, with payments due monthly | - | 1,913,771 |
| HHS Provider Relief Funds, bearing no interest, no repayment plan established | - | 3,994,042 |
| Total Long-Term Debt | 182,361 | 6,263,821 |
| Less: Current Portion | (131,927) | (1,336,255) |
| Long-Term Portion | \$ 50,434 | \$ 4,927,566 |

A summary of long-term debt activity for the year ended is as follows:

September 30, 2021

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---------------------------|-------------------|------------|--------------|----------------|
| Capital Lease Obligations | \$ 356,008 | \$ - | \$ 173,647 | \$ 182,361 |
| COVID-19 Related Debt | 5,907,813 | 300,000 | 6,207,813 | - |
| Total | \$ 6,263,821 | \$ 300,000 | \$ 6,381,460 | \$ 182,361 |

September 30, 2020

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---------------------------|-------------------|--------------|------------|----------------|
| Capital Lease Obligations | \$ 617,138 | \$ - | \$ 261,130 | \$ 356,008 |
| COVID-19 Related Debt | - | 5,907,813 | - | 5,907,813 |
| Total | \$ 617,138 | \$ 5,907,813 | \$ 261,130 | \$ 6,263,821 |

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 6: LONG-TERM DEBT, CONTINUED

Balance due within one year

| | 2021 | 2020 |
|---------------------------|------------|--------------|
| Capital Lease Obligations | \$ 131,927 | \$ 173,648 |
| COVID-19 Related Debt | - | 1,162,607 |
| Total | \$ 131,927 | \$ 1,336,255 |

Scheduled repayments on long-term debt are as follows:

September 30, 2021

| | Principal | Interest | Total |
|-------|------------|----------|------------|
| 2022 | \$ 131,928 | \$ 5,623 | \$ 137,551 |
| 2023 | 50,433 | 645 | 51,078 |
| Total | \$ 182,361 | \$ 6,268 | \$ 188,629 |

September 30, 2020

| | Principal | Interest | Total |
|-------|--------------|-----------|--------------|
| 2021 | \$ 1,336,255 | \$ 34,805 | \$ 1,371,060 |
| 2022 | 4,877,133 | 8,128 | 4,885,261 |
| 2023 | 50,433 | 645 | 51,078 |
| Total | \$ 6,263,821 | \$ 43,578 | \$ 6,307,399 |

NOTE 7: CASH FLOWS SUPPLEMENTAL INFORMATION

Total interest paid by the Hospital was \$19,410 and \$31,217, for 2021 and 2020, respectively.

NOTE 8: CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2021 and 2020, are as follows:

| | 2021 | 2020 |
|-----------------------------|------|------|
| Medicare | 34% | 30% |
| Medicaid | 25% | 20% |
| Commercial and Other Payors | 41% | 50% |
| | 100% | 100% |

NOTE 9: PENSION PLAN

The Hospital sponsors a defined contribution plan. The Plan Administrator is the hospital. Eligibility requirements are six months of employment and attaining the age of 25. Employees are not vested until after 3 years of service, at which point they are 100% vested. The Plan's coverage includes death, disability, and retirement benefits. The Hospital may amend the Plan at any time at its' sole discretion.

However, no amendment may result in any participant's vested interest or any portion of the Plan's assets reverting to the Hospital. The Hospital will match in an amount equal to a percentage of the employee salary deferrals. Forfeitures of matching contributions that relate to excess amounts may be used to reduce employer contributions. Forfeitures reflected in pension expense as a reduction of employer contributions were approximately \$4,164.88 and \$0 for the years ended September 30, 2021, and 2020, respectively. The Hospital contributed \$329,964 and \$316,307 for the years ended September 30, 2021, and 2020, respectively. The accrued pension plan liability was \$16,041 and \$11,349 for the years ended September 30, 2021, and 2020, respectively.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 10: GRANT REVENUE

The Hospital entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards as an intergovernmental transfer (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$2,041,822 and \$2,439,501 for the years ended September 30, 2021, and 2020, respectively.

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

NOTE 11: BANK DEPOSITS AND INVESTMENTS

Louisiana state statutes authorize the Hospital to invest in obligations of the U.S. Treasury, certificates or other obligations of the United States of America, and time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana.

Louisiana state statutes require that all the deposits of the hospital must be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance.

The Hospital had bank balances on September 30, as follows:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Insured (FDIC) | \$ 500,000 | \$ 500,000 |
| Letter of Credit | - | 11,500,000 |
| Collateralized by Securities Held by the Pledging Financial Institution's Trust Department in the Hospital's Name | <u>18,259,861</u> | <u>8,477,386</u> |
| Total | <u>\$ 18,759,861</u> | <u>\$ 20,477,386</u> |
| Carrying Value | <u>\$ 14,106,373</u> | <u>\$ 14,002,082</u> |

NOTE 12: 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 health care providers. The PCF provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the Hospital is at risk. The PCF places no limitation on the number of occurrences covered. In connection with the establishment of the PCFs, the State of Louisiana enacted legislation limiting the amount of settlement for professional liability to \$500,000 per occurrence.

The courts have not tested the constitutionality of this legislation, although the Louisiana Supreme Court has decided that this limit does not apply in cases of strict liability. The Hospital's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for professional medical malpractice liability. The trust fund bills members in advance based upon an estimate of their exposure. At policy year-end, premiums are re-determined utilizing actual losses of the Hospital.

NOTE 13: CRITICAL ACCESS STATUS

Effective November 1, 2004, Jackson Parish Hospital was approved for "critical access" status under the Medicare Rural Hospital Flexibility Program. The program allows states to designate rural facilities as "critical access hospitals" if they are located a sufficient distance from other hospitals, make available 24-hour emergency care, maintain no more than 25 inpatient beds, and keep inpatients no longer than 96 hours (except where weather or emergency conditions dictate, or a Peer Review Organization waives the limit). Payment for inpatient and outpatient services under this program is based on reasonable cost.

NOTE 14: COMPENSATED ABSENCES/DUE TO EMPLOYEES FOR BENEFITS

Full time employees earn accrued time off (ATO) based on years of service; part time employees accrue ATO on a pro-rated basis based on years of service. All ATO balances will be paid upon termination. Sick pay is not vested and therefore not accrued. The Hospital's policy is to recognize the cost of sick pay when actually paid to employees. Accrued time off, which is included in accrued salaries and related withholdings, at September 30, 2021 and 2020 totaled \$694,424 and \$634,352, respectively.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 14: COMPENSATED ABSENCES/DUE TO EMPLOYEES FOR BENEFITS, CONTINUED

Due to employee benefits calculated and over-withheld from employees in previous years, the Hospital has reflected a payable to employees in the amount of \$90,241 for the years ended September 30, 2021 and 2020.

NOTE 15: OPERATING LEASES

The Hospital leases various equipment under operating leases expiring at various dates through 2025. Total rental expense for the years ended September 30, 2021 and 2020 for all operating leases was approximately \$571,999 and \$425,645, respectively.

The following is a schedule by year of future minimum lease payments under operating leases that have initial or remaining lease terms more than one year:

| <u>September 30, 2021</u> | | <u>September 30, 2020</u> | |
|---------------------------|-------------------|---------------------------|-------------------|
| 2022 | \$ 179,090 | 2021 | \$ 155,690 |
| 2023 | 155,711 | 2022 | 155,690 |
| 2024 | 137,518 | 2023 | 142,061 |
| 2025 | 32,886 | 2024 | 137,518 |
| Total | <u>\$ 505,205</u> | Total | <u>\$ 590,959</u> |

NOTE 16: CONTINGENCIES

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

Third-Party Reimbursement Programs.

Cost reimbursements and claims are subject to examination by agencies administering the programs. 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.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Service (CMS) to implement a Recovery Audit Contractor (RAC) program on a permanent and nationwide basis no later than 2010. The program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare reimbursement in an amount estimated to equal the overpayment. The Hospital will deduct from revenue, amounts assessed under the RAC audits at the time a notice is received until such time that estimates of net amount due can be reasonably estimated. RAC assessments are anticipated; however, the outcomes of such assessments are unknown and cannot be reasonably estimated.

Management believes that the Hospital is in compliance with fraud and abuse statutes as well as other applicable government law 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

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.

Workman's Compensation Risk

The Hospital participated in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund in 2021 and 2020, respectively. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 16: CONTINGENCIES, CONTINUED

Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. 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. These laws and regulations include, but are not limited to, accreditation, licensure, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. 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 exclusion from government healthcare program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Hospital is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Hospital's financial position.

NOTE 17: GOVERNMENTAL REGULATIONS

Legislation and regulation at all levels of government have affected and are likely to continue to affect the operation of the Hospital. Federal healthcare reform legislation proposals debated in Congress in recent years have included significant reductions in Medicare and Medicaid program reimbursement to hospitals and the promotion of a restructured delivery and payment system focusing on competition among providers based on price and quality, managed care, and steep discounting or capitated payment arrangements with many, if not all, of the Hospital's principal payors. It is not possible currently to determine the impact on the Hospital of government plans to reduce Medicare and Medicaid spending, government implementation of national and state healthcare reform or payment methodology changes. However, such changes could have an adverse impact on operating results, cash flows and estimated debt service coverage of the Hospital in the future years.

NOTE 18: 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. The Hospital maintains records to identify and monitor the level of charity care it provides. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The records include the amount of charges foregone for services and supplies furnished under its charity care policy. Charges foregone and supplies furnished, based on established rates, were \$403,961 and \$0 as of September 30, 2021 and 2020, respectively.

Management estimates that approximately \$319,230 and \$0 of costs were related to charity care for the years ended September 30, 2021 and 2020, respectively. This estimate is based on a ratio of total cost to gross patient charges applied to gross uncompensated charges associated with providing care to charity patients.

NOTE 19: NET POSITION

Net position for the years ended September 30, are as follows:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Invested in Capital Assets, Net of Related Debt | \$ 7,261,698 | \$ 3,576,553 |
| Unrestricted | 15,584,198 | 11,015,565 |
| Total Net Position | <u>\$ 22,845,896</u> | <u>\$ 14,592,118</u> |

NOTE 20: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

GASB's new lease accounting standard, GASB Statement No. 87, was issued in June 2017. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 20: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS, CONTINUED

GASB 95 postponed the effective date for GASB 87 and others for 18 months. New effective date for 87 is fiscal years beginning after June 15, 2021. Earlier application is encouraged.

In May 2020, GASB issued Statement 96. The objective of GASB 96, Subscription-Based Information Technology Arrangements, is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged.

NOTE 21 - CARES ACT FUNDING

In response to the COVID-19 pandemic, Congress passed H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which was signed into law by the President on March 27, 2020. This Act established several different tranches of funds meant to ensure businesses would be able to continue paying their employees and other bills despite the reduction in revenue. Jackson Parish Hospital received funds from two of the different portions of funds: The Small Business Administration's Paycheck Protection Program and Provider Relief Funds.

Paycheck Protection Program

The hospital received \$1,913,771 on April 29, 2020, and 1,913,771 on February 23, 2021. This money was to be used for payroll costs, utility payments, lease agreements, and interest on mortgage obligations. If certain criteria are met, all or part of the loan will be forgiven. Any portion that isn't forgiven must be repaid over two years at an interest rate of 1%. On March 30, 2021, the hospital received forgiveness for the loan amount received on April 29, 2020, plus accrued interest of \$17,809. On September 21, 2021, the hospital received forgiveness for the loan issued on February 23, 2021, plus accrued interest of \$11,057. The loan forgiveness amounts were recognized as other non-operating revenue and the accrued interest forgiven amount was recognized as interest income.

Provider Relief Funds

The Hospital received \$4,145,658 under this section of the CARES Act. The terms and conditions require that recipients be able to demonstrate that lost revenues and increased expenses attributable to COVID-19, excluding expenses and losses that have been reimbursed from other sources, exceed the total amount of Provider Relief funding received. The Hospital recognized \$4,165,658 during the year as an offset to lost net patient service revenue. These funds were recognized as non-operating revenue per the guidance laid out in GASB Technical Bulletin 2020-1.

NOTE 22: SUBSEQUENT EVENTS

In preparing these financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through March 30, 2022, the date the financial statements were available to be issued.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
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SCHEDULES OF PATIENT SERVICE REVENUES

YEAR ENDED SEPTEMBER 30,

| | 2021 | 2020 |
|---|---------------|---------------|
| PATIENT SERVICE REVENUES | | |
| Daily Patient Services: | | |
| Room and Board | \$ 1,109,000 | \$ 844,131 |
| Observation | 790,028 | 818,711 |
| Total | 1,899,028 | 1,662,842 |
| Other Nursing Services: | | |
| Central Supplies | 382,404 | 350,128 |
| Emergency Service | 2,641,247 | 2,932,062 |
| Total | 3,023,651 | 3,282,190 |
| Other Professional Services: | | |
| Anesthesiology | 95,200 | 79,852 |
| Blood | 142,999 | 37,395 |
| Clinics | 3,390,410 | 2,149,690 |
| Laboratory | 6,542,174 | 5,349,523 |
| Other | 73,326 | 55,685 |
| Pharmacy | 5,128,072 | 3,643,542 |
| Professional Fees | 332,867 | 258,528 |
| Radiology | 7,202,197 | 5,907,850 |
| Respiratory | 531,541 | 765,436 |
| Therapy Services | 158,307 | 106,781 |
| Surgery | 1,348,501 | 644,859 |
| Total | 24,945,594 | 18,999,141 |
| GROSS PATIENT SERVICE REVENUE | 29,868,273 | 23,944,173 |
| Less: Contractual Adjustments | 9,592,176 | 7,243,701 |
| NET PATIENT SERVICE REVENUE BEFORE PROVISION FOR DOUBTFUL ACCOUNTS | \$ 20,276,097 | \$ 16,700,472 |

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

SCHEDULES OF OTHER OPERATING REVENUES

YEAR ENDED SEPTEMBER 30,

| | <u>2021</u> | <u>2020</u> |
|-----------------------------|------------------|------------------|
| Cafeteria and Vending Sales | \$ 24,145 | \$ 23,267 |
| Medical Records | 6,484 | 7,162 |
| Total | <u>\$ 30,629</u> | <u>\$ 30,429</u> |

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

SCHEDULES OF PROFESSIONAL SERVICES

YEAR ENDED SEPTEMBER 30,

| | 2021 | 2020 |
|---|---------------|---------------|
| Salaries and Fees: | | |
| Central Supply | \$ 78,038 | \$ 66,304 |
| Clinics | 2,574,441 | 2,385,427 |
| Emergency Room | 1,934,192 | 1,847,034 |
| Laboratory | 1,218,726 | 1,042,380 |
| Nursing | 2,116,962 | 1,861,470 |
| Operating Room and Anesthesiology | 93,454 | 73,893 |
| Pharmacy | 293,813 | 280,965 |
| Radiology | 1,136,660 | 988,270 |
| Respiratory | 449,703 | 438,095 |
| Therapy | 112,493 | 100,194 |
| Total Salaries and Fees | 10,008,482 | 9,084,032 |
| Supplies and Other Expenses: | | |
| Blood | - | 89 |
| Clinics | 224,143 | 282,291 |
| Emergency Room | 74,621 | 99,780 |
| Laboratory | 713,439 | 385,551 |
| Nursing | 252,863 | 196,613 |
| Operating Room and Anesthesiology | 79,868 | 70,119 |
| Pharmacy | 588,216 | 426,557 |
| Radiology | 792,045 | 679,886 |
| Respiratory | 56,991 | 27,356 |
| Total Supplies and Other Expenses | 2,782,186 | 2,168,242 |
| Total Professional Services | \$ 12,790,668 | \$ 11,252,274 |

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

SCHEDULES OF GENERAL AND ADMINISTRATIVE SERVICES

YEAR ENDED SEPTEMBER 30,

| | 2021 | 2020 |
|---|--------------|--------------|
| Salaries and Fees: | | |
| Administrative | \$ 1,972,741 | \$ 1,726,896 |
| Dietary | 369,849 | 238,110 |
| Housekeeping | 411,695 | 280,593 |
| Maintenance | 242,429 | 222,741 |
| Medical Records | 383,859 | 320,521 |
| Total Salaries and Fees | 3,380,573 | 2,788,861 |
| Supplies and Other Expenses: | | |
| Administrative | 2,328,488 | 1,915,089 |
| Dietary | 169,005 | 149,367 |
| Employee Benefits | 2,540,263 | 2,399,543 |
| Housekeeping | 82,518 | 149,875 |
| Information Technology | 550,598 | 656,018 |
| Insurance | 119,060 | 138,385 |
| Maintenance | 781,500 | 354,038 |
| Medical Records | 24,806 | 30,826 |
| Total Supplies and Other Expenses | 6,596,238 | 5,793,141 |
| Total General and Administrative Services | \$ 9,976,811 | \$ 8,582,002 |

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

SCHEDULES OF GOVERNING BOARD EXPENSES

YEAR ENDED SEPTEMBER 30,

| | <u>2021</u> | <u>2020</u> |
|----------------|---------------------|---------------------|
| | <u>COMPENSATION</u> | <u>COMPENSATION</u> |
| Chris Bowman | \$ - | \$ - |
| Rebecca Crouch | 400 | 400 |
| Angela Curtis | 400 | 400 |
| Shontae Mims | 400 | 400 |

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER SEPTEMBER 30,

| | <u>2021</u> | <u>2020</u> |
|---------------------|-------------------|-------------------|
| JOHN MORGAN | | |
| Salary | \$ 219,072 | \$ 191,512 |
| Benefits-Insurance | 13,667 | 12,623 |
| Benefits-Retirement | 15,117 | 8,931 |
| Reimbursements | - | 328 |
| | <u>\$ 247,856</u> | <u>\$ 213,394</u> |



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

Board of Commissioners
Jackson Parish Hospital Service District No. 1
d/b/a Jackson Parish Hospital
Jonesboro, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jackson Parish Hospital Service District No.1, d/b/a Jackson Parish Hospital, a component unit of the Jackson Parish Police Jury, State of Louisiana (the Hospital), as of September 30, 2021 and 2020, 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 March 30, 2022.

INTERNAL CONTROL OVER FINANCIAL STATEMENTS

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan," we identified certain deficiencies in internal control that we consider to be material weaknesses - Findings 2021-1 through 2021-3.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 did not identify findings of noncompliance.

HOSPITAL'S RESPONSE TO FINDINGS

The Hospital's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Hospital's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

This communication is intended for the information and use of the Board of Commissioners and management of the Hospital, others within the Hospital, federal awarding agencies, and 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.

Sincerely,



LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, Louisiana

March 30, 2022

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
JONESBORO, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Years Ended September 30, 2021 and 2020

We have audited the financial statements of Jackson Parish Hospital Service District No. 1, d/b/a Jackson Parish Hospital (the Hospital), a component unit of the Jackson Parish Police Jury, State of Louisiana, as of and for the years ended September 30, 2021 and 2020, and have issued our report thereon dated March 30, 2022. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. Our audits of the financial statements as of September 30, 2021 and 2020 resulted in unmodified opinions.

Section I: Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements:

| | |
|---|-----|
| Compliance | |
| Compliance Material to Financial Statements | No |
| Internal Control | |
| Material Weaknesses: | Yes |
| Significant Deficiencies: | No |

Section II: Financial Statement Findings

Material Weaknesses

Finding 2021-1 Financial Statement Preparation

Criteria: The Hospital does not present full disclosure financial statements to its board in accordance with Generally Accepted Accounting Principles.

Condition: As is common in small operations, the Hospital relies on its outside auditors to assist in the preparation of full disclosure GAAP financial statements.

Cause: The Hospital has a small accounting staff.

Effect: The Hospital designates an employee with skilled knowledge and experience to review the draft of the prepared financial statements and footnotes prior to approving them and accepting responsibility for their contents and presentation.

Recommendation: The hospital's accounting personnel should attend education courses to further their knowledge in the application of Generally Accepted Accounting Principles.

Management Response: Hospital's accounting staff will continue education of Generally Accepted Accounting Principles.

Finding 2021-2 Lack of Segregation of Duties

Criteria: Best practices in internal controls would facilitate segregation of duties in all accounting functions and oversight in each area.

Condition: Due to a limited number of available employees, the authorization, recording, and reconciling of transactions as well as the custody of assets related to those transactions are not adequately segregated in all accounting areas.

Cause: The hospital has a small accounting staff.

Effect: Failure to adequately segregate accounting and financial functions increases the risk that errors and irregularities including fraud may occur and not be prevented or detected.

Recommendation: The authorization, recording, and reconciliation of transactions and decisions as well as the custody of assets related to those transactions and decisions should be segregated as much as possible. Management should consider the cost/benefit of segregation of duties and continue to monitor areas where lack of segregation exists.

Management Response: Policies and procedures are being reviewed, updated, and implemented as necessary to create a separation of duties to the fullest extent possible without significantly increasing hospital staffing.

Finding 2021-3 Proposed Audit Adjustments

Criteria and Condition: The proposed audit adjustments for the fiscal years ended September 30, 2021 and 2020 had material effects on the financial statements.

Cause: The filing of annual Medicare and Medicaid cost reports result in settlements either due to or from the Hospital. These settlements result from complex calculations, many variables, several payors, and the use of third-party data that is often not complete until several months after year end. These factors make it difficult to properly estimate and record cost report settlements.

Effect: The Hospital's financial statements have been adjusted to reflect all proposed audit journal entries approved by management.

Recommendation: Management should perform a comprehensive review of financial statements, estimates, and journal entries before closing the fiscal year.

Management Response: The Hospital has contracted two competent accountants to perform a comprehensive review of financial statements, estimates, and journal entries before closing the fiscal year.

Section III: Management Letter Items

There are no management letter items at September 30, 2021.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
JONESBORO, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended September 30, 2021

Finding 2020-1 Financial Statement Preparation: The Hospital relies on its outside auditors to assist in the preparation of full disclosure GAAP financial statements.

Status: Unresolved. See Finding 2021-1.

Finding 2020-2 Lack of Segregation of Duties: The authorization, recording, and reconciling of transactions as well as the custody of assets related to those transactions are not adequately segregated in all accounting areas.

Status: Unresolved. See Finding 2021-2.

Finding 2020-3 Proposed Audit Adjustments: The proposed audit adjustments for the fiscal years ended September 30, 2021 and 2020 had material effects on the financial statements.

Status: Unresolved. See Finding 2021-3.

Jackson Parish Hospital Service District No. 1

d/b/a/ Jackson Parish Hospital

SINGLE AUDIT REPORT

For the Year Ended September 30, 2021

Jackson Parish Hospital Service District No. 1

d/b/a/ Jackson Parish Hospital

SEPTEMBER 30, 2021

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Glen P. Langlinais, CPA
Gayla L. Falcon, CPA

Michael P. Broussard, CPA
Elizabeth L. Whitford, CPA
Barrett B. Perry, CPA
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Chadwick V. Fortier, CPA
John W. O'Bryan, CPA (Retired)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, REPORT ON
INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Jackson Parish Hospital Service District No. 1
d/b/a Jackson Parish Hospital
Jonesboro, Louisiana

Report on Compliance for Each Major Federal Program

We have performed a compliance audit on Jackson Parish Hospital Service District No. 1, d/b/a Jackson Parish Hospital, a component unit of the Jackson Parish Police Jury, State of Louisiana (hereinafter "Hospital"), with the types of compliance requirements described 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 September 30, 2021. The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Hospital's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Hospital's compliance.

Opinion on Each Major Federal Program

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 September 30, 2021.

Report on Internal Control over Compliance

Management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hospital's internal control over

compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hospital's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Hospital as of and for the year ended September 30, 2021, and have issued our report thereon dated March 30, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative auditor as a public document.



LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, Louisiana

May 31, 2022

Jackson Parish Hospital
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2021

| <i>Federal Grantor/Program or Cluster Title</i> | <i>Federal CFDA Number</i> | <i>Federal Expenditures (\$)</i> |
|---|--------------------------------|--------------------------------------|
| U.S. Department of Health and Human Services Health Resources and Services Administration COVID-19 CARES Act Provider Relief Fund | 93.498 | \$ <u>3,845,658</u> |

The accompanying notes are an integral part of this schedule

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Hospital under programs of the federal government for the year ended June 30, 2021. The information in the schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the net position, changes in net position, or the cash flows of the Hospital.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are presented on the accrual basis of accounting.

NOTE 3 SUB-RECIPIENTS

There were no payments to sub-recipients for the fiscal year ended September 30, 2021.

NOTE 4 INDIRECT COST RATE

The hospital did not apply indirect costs to the program.

NOTE 5 REPORTING

Amounts reported on the SEFA for Provider Relief Funds are based upon the required September 30, 2021 report submission to the Health Resources and Services Administration (HRSA).

HOSPITAL SERVICE DISTRICT NO.1 of the Parish of Jackson,
STATE OF LOUISIANA, a component unit of the Jackson Parish Council,
d/b/a Jackson Parish Hospital

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2021

Section I. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No
Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? No
Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a)? No

Identification of Major Programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program</u> |
|---------------------|---------------------------------|
| 93.498 | CARES Act Providers Relief Fund |

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as "low-risk" auditee? No

Section II. Financial Statement Findings

None.

Section III. Federal Award Findings and Questioned Costs

None.

HOSPITAL SERVICE DISTRICT NO.1 of the Parish of Jackson,
STATE OF LOUISIANA, a component unit of the Jackson Parish Council,
d/b/a Jackson Parish Hospital

SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2021

None.