

FINANCIAL STATEMENTS

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

September 30, 2020 AND 2019

FINANCIAL STATEMENTS  
JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1  
d/b/a JACKSON PARISH HOSPITAL  
September 30, 2020 AND 2019  
TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
Basic Financial Statements:	
Statements of Net Position	3 - 4
Statements of Revenues, Expenses and Changes in Net Position	5
Statements of Cash Flows	6 - 7
Notes to the Financial Statements	8 - 19
Supplemental Information:	
Patient Service Revenues	20 - 21
Other Operating Revenues	22
Professional Services	23
General and Administrative Services	24
Governing Board Expense	25
Schedule of CEO Compensation	26
Other Required Reports:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on a Audit of Financial Statements performed in accordance with Government Auditing Standards	27 - 28
Schedule of Findings and Questioned Costs and Management's Corrective Action Plan	29 - 30
Schedule of Prior Year Findings	31



Glen P. Langlinais, CPA  
Gayla F. Russo, CPA

Michael P. Broussard, CPA  
Elizabeth L. Whitford, CPA  
John W. O'Bryan, CPA  
Barrett B. Perry, CPA  
Elizabeth N. DeBaillon, CPA

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, 2020 and 2019, 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, 2020 and 2019, 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 31, 2021 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 31, 2021

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

**STATEMENT OF NET POSITION**

**SEPTEMBER 30,**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 13,755,373	\$ 8,612,159
Accounts Receivables, Less Allowance for Doubtful		
Accounts of \$1,020,210 in 2020 and \$1,096,216 in 2019	1,438,616	1,382,787
Due from Third Party Payors	2,916,057	2,859,239
Other Receivables	619,990	730,727
Inventories	442,413	447,856
Prepaid Expenses	<u>160,434</u>	<u>131,000</u>
 Total Current Assets	 <u>19,332,883</u>	 <u>14,163,768</u>
 <b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Property, Plant and Equipment Cost	15,083,946	14,068,929
Less: Accumulated Depreciation	<u>(11,151,384)</u>	<u>(10,325,415)</u>
 Total Property, Plant and Equipment	 <u>3,932,562</u>	 <u>3,743,514</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 23,265,445</u>	 <u>\$ 17,907,282</u>

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 NET POSITION

SEPTEMBER 30,

**LIABILITIES AND NET POSITION**

	2020	2019
<b>CURRENT LIABILITIES:</b>		
Current Portion of Long-Term Debt	\$ 1,336,255	\$ 264,458
Accounts Payable	721,909	531,674
Accrued Salaries and Related Withholdings	1,237,978	1,019,430
Credit Balances	235,588	228,790
Due to Third Party Payors	115,603	92,693
Due to Employees for Employee Benefits	90,241	90,241
Interest Payable	8,187	-
Total Current Liabilities	3,745,761	2,227,286
<b>LONG-TERM LIABILITIES:</b>		
Long-Term Debt:		
Obligations under Capital Leases	182,360	352,680
SBA PPP Loan	751,164	-
Provider Relief Funds	3,994,042	-
Total Long-Term Liabilities	4,927,566	352,680
<b>TOTAL LIABILITIES</b>	<b>8,673,327</b>	<b>2,579,966</b>
<b>NET POSITION:</b>		
Invested in Capital, Net of Related Debt	3,576,554	3,126,376
Unrestricted	11,015,564	12,200,940
<b>TOTAL NET POSITION</b>	<b>14,592,118</b>	<b>15,327,316</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 23,265,445</b>	<b>\$ 17,907,282</b>

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**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**YEAR ENDED SEPTEMBER 30,**

	<b>2020</b>	<b>2019</b>
<b>OPERATING REVENUES:</b>		
Net Patient Service Revenues before Provision for Doubtful Accounts	\$ 16,644,787	\$ 16,265,111
Provision for Doubtful Accounts	<u>(1,542,216)</u>	<u>(1,380,826)</u>
Net Patient Service Revenues after Provision for Doubtful Accounts	15,102,571	14,884,285
Intergovernmental Transfers - Operating	2,439,501	4,699,337
Other Operating Revenue	<u>86,114</u>	<u>178,522</u>
TOTAL OPERATING REVENUE	<u>17,628,186</u>	<u>19,762,144</u>
<b>OPERATING EXPENSES:</b>		
Professional Services	11,252,274	10,406,075
General and Administrative	8,582,002	7,684,461
Depreciation and Amortization	<u>825,970</u>	<u>992,080</u>
TOTAL OPERATING EXPENSES	<u>20,660,246</u>	<u>19,082,616</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>(3,032,060)</u>	<u>679,528</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Ad Valorem Taxes	2,170,552	2,315,883
Grant Income	100,126	3,750
Interest Income	65,588	95,665
Interest Expense	(39,404)	(38,974)
Gain (Loss) on Disposal of Asset	<u>-</u>	<u>(116)</u>
TOTAL NON-OPERATING REVENUES	<u>2,296,862</u>	<u>2,376,208</u>
<b>CHANGE IN NET POSITION</b>	<u>(735,198)</u>	<u>3,055,736</u>
<b>TOTAL NET POSITION, BEGINNING</b>	<u>15,327,316</u>	<u>12,271,580</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 14,592,118</u>	<u>\$ 15,327,316</u>

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,**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Patients	\$ 15,214,188	\$ 13,404,596
Cash Received from Other Revenues	86,114	178,522
Cash Received from Intergovernmental Transfers	2,439,501	4,699,337
Cash Payments to Suppliers for Goods and Services	(6,976,865)	(7,370,286)
Cash Payments to Employees for Services	(12,667,176)	(10,436,248)
Net Cash Flow (Used in) Provided by Operating Activities	(1,904,238)	475,921
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Ad Valorem Taxes	2,170,552	2,315,883
Grant Income	210,863	476,167
Loss on Disposal of Asset	-	116
Net Cash Provided By Non-Capital Financing Activities	2,381,415	2,792,166
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of Fixed Assets	(1,015,018)	(1,091,696)
Principal Payments on Long-Term Debt	(261,129)	(371,967)
Interest Payments on Long-Term Debt	(31,217)	(38,974)
Proceeds from the Issuance of Long-Term Debt	5,907,813	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	4,600,449	(1,502,637)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Income	65,588	95,665
Net Cash Provided by Financing Activities	65,588	95,665
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,143,314</b>	<b>1,861,115</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR FOR 2020 AND 2019, RESPECTIVELY</b>	<b>8,612,159</b>	<b>6,751,044</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR FOR 2020 AND 2019, RESCTIVELY</b>	<b>\$ 13,755,373</b>	<b>\$ 8,612,159</b>

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,**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating Gain	\$ (3,032,060)	\$ 679,528
Adjustments to Reconcile Operating Income to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	825,970	992,080
Provision for Doubtful Accounts	1,542,216	1,380,826
Increase in Receivables and Due from Third Parties	(1,625,156)	(2,849,891)
Decrease (Increase) in Inventories and Prepaid Expenses	(23,991)	(128,965)
Increase in Accounts Payable and Accrued Expenses	408,783	402,343
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ (1,904,238)</u></b>	<b><u>\$ 475,921</u></b>
<b>Non-Cash Financing Activity:</b>		
Acquisition of Assets by Capital Lease	\$ -	\$ -

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

**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 considered to be 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

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

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

**Advertising.** The Hospital expenses advertising cost as incurred.

**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 on a monthly basis. 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 10.9 percent in 2020, and 10.4 percent in 2019, 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:

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

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

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

*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 or 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.

*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, 2014.

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 into 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 on the basis of its standard rates for services provided. On the basis of 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

**NOTE 2: NET PATIENT SERVICE REVENUE**

The following schedule represents total Net Patient Service Revenue:

	2020	2019
Gross Patient Service Revenue	\$ 23,888,488	\$ 26,061,265
Less: Contractual Adjustments	(7,243,701)	(9,796,154)
Net Patient Service Revenue before Provision for Doubtful Accounts	16,644,787	16,265,111
Less: Provision for Doubtful Accounts	(1,542,216)	(1,380,826)
Net Patient Service Revenue after Provision for Doubtful Accounts	\$ 15,102,571	\$ 14,884,285

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

	2020	2019
Medicare	\$ 4,076,960	\$ 4,541,637
Medicaid	5,017,553	6,218,451
All Other Payors	7,550,274	5,505,023
Total Net Patient Service Revenue Before Provision for Doubtful Accounts	\$ 16,644,787	\$ 16,265,111

**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 past 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 on the basis of its past 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 actually 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:

	2020	2019
Total Patient Accounts Receivable	\$ 4,045,694	\$ 3,871,892
Less: Allowance for Doubtful Accounts and Contractual Allowances	\$ (2,607,078)	\$ (2,489,105)
Net Patient Accounts Receivable	\$ 1,438,616	\$ 1,382,787

**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 52% and 58% of its gross patient service revenue in 2020 and 2019, respectively, from patients covered by the Medicare and Medicaid programs.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

**NOTE 5: PROPERTY, PLANT AND EQUIPMENT**

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

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	249,472	17,528	-	267,000
Building	10 - 40	3,617,969	105,546	-	3,723,514
Capital Leased Property	5 - 25	1,683,503	-	-	1,683,503
Fixed Equipment	5 - 25	3,136,426	334,310	-	3,470,736
Moveable Equipment	5 - 25	4,285,752	-	-	4,285,752
Automobile	5	29,526	-	-	29,526
Minor Equipment	7	897,381	21,200	-	918,581
Total Other Assets		13,900,029	478,584	-	14,378,613
Less: Accumulated Depreciation		(10,325,415)	(825,970)	-	(11,151,385)
Net Property, Plant, and Equipment		\$ 3,743,514	\$ 189,048	\$ -	\$ 3,932,562

September 30, 2019

	Asset Life in Years	Beginning Balance	Additions	Deletions	Ending Balance
Land		\$ 168,900	\$ -	\$ -	\$ 168,900
Construction in Progress		324,265	448,593	772,858	-
Total assets not being depreciated		493,165	448,593	772,858	168,900
Other Capital Assets:					
Land Improvements	5 - 25	249,472	-	-	249,472
Building	10 - 40	3,399,731	218,238	-	3,617,969
Capital Leased Property	5 - 25	1,683,503	-	-	1,683,503
Fixed Equipment	5 - 25	3,125,500	10,926	-	3,136,426
Moveable Equipment	5 - 25	4,021,102	264,650	-	4,285,752
Automobile	5	7,541	21,985	-	29,526
Minor Equipment	7	-	897,381	-	897,381
Total Other Assets		12,486,849	1,413,180	-	13,900,029
Less: Accumulated Depreciation		(9,333,335)	(992,080)	-	(10,325,415)
Net Property, Plant, and Equipment		\$ 3,646,679	\$ 869,693	\$ 772,858	\$ 3,743,514

Depreciation expense for the years ended September 30, 2020 and 2019 amounted to \$825,970 and \$992,080, respectively.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

**NOTE 6: LONG-TERM DEBT**

Long-term debt at September 30, 2020 and 2019, consisted of the following:

	2020	2019
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	\$ 57,101
Capital Lease Obligation, for the acquisition of a GE CT machine, collateralized by the equipment, payable in 48 monthly installments at a 3.25% interest rate, with the final maturity in 2020	-	20,693
Capital Lease Obligation, for the acquisition of Olympus Scope Equipment, collateralized by the equipment, payable in 48 monthly installments at a 3.25% interest rate, maturity in 2020	-	23,180
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	72,621
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	105,824	144,764
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	53,782	82,769
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	156,367	216,010
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	-
	6,263,821	617,138
Total Long-Term Debt	6,263,821	617,138
Less: Current Portion	(1,336,255)	(264,458)
Long-Term Portion	\$ 4,927,566	\$ 352,680

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

	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 JACKSONS PARISH HOSPITAL**  
**Jonesboro, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

**NOTE 6: LONG-TERM DEBT, CONTINUED**

September 30, 2019

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Lease Obligations	\$ 989,104	\$ -	\$ 371,966	\$ 617,138
Total	\$ 989,104	\$ -	\$ 371,966	\$ 617,138

Balance due within one year

	2020	2019
Capital Lease Obligations	\$ 173,648	\$ 264,458
COVID-19 Related Debt	1,162,607	-
Total	\$ 1,336,255	\$ 264,458

Scheduled repayments on long-term debt are as follows:

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

September 30, 2019

	Principal	Interest	Total
2020	\$ 264,458	\$ 21,411	\$ 285,869
2021	173,810	12,328	186,138
2022	132,096	5,454	137,550
2023	46,774	557	47,331
Total	\$ 617,138	\$ 39,750	\$ 656,888

**NOTE 7: CASH FLOWS SUPPLEMENTAL INFORMATION**

Total interest paid by the Hospital was \$31,217 and \$38,974, for 2020 and 2019, 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, 2020 and 2019, are as follows:

	2020	2019
Medicare	30%	17%
Medicaid	20	17
Commercial and other payors	50	66
	100%	100%



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

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

**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 back 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 \$0 for the years ended September 30, 2020 and 2019, respectively. The Hospital contributed \$316,307 and \$244,439 for the years ended September 30, 2020 and 2019, respectively. The accrued pension plan liability was \$11,349 and \$14,740 for the years ended September 30, 2020 and 2019, respectively.

**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 \$2,439,501 and \$4,699,337 for the years ended September 30, 2020 and 2019, 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 of 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.

At September 30, 2020 and 2019, the Hospital had bank balances as follows:

	2020	2019
Insured (FDIC)	\$ 500,000	\$ 250,000
Letter of Credit	11,500,000	9,000,000
Collateralized by Securities Held by the Pledging Financial Institution's Trust Department in the Hospital's Name	8,477,386	1,484,164
Total	\$ 20,477,386	\$ 10,734,164
Carrying Value	\$ 14,002,082	\$ 8,923,885

**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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

**NOTE 12: PROFESSIONAL LIABILITY RISK, CONTINUED**

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 on the basis of 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, 2020 and 2019 totaled \$634,352 and \$549,407, respectively.

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 and \$90,241 for the years ended September 30, 2020 and 2019, respectively.

**NOTE 15: OPERATING LEASES**

The Hospital leases various equipment under operating leases expiring at various dates through 2024. Total rental expense for the years ended September 30, 2020 and 2019 for all operating leases was approximately - and -, respectively.

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

September 30, 2020		September 30, 2019	
2021	\$ 155,690	2020	\$ 41,572
2022	155,690	2021	41,572
2023	142,061	2022	41,572
2024	137,518	2023	18,193
Total	\$ 590,959	Total	\$ 142,909

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

**NOTE 16: CONTINGENCIES, CONTINUED**

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 2020 and 2019, 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.

***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 at this time 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

**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 \$0 and \$3,910 as of September 30, 2020 and 2019, respectively.

Management estimates that approximately \$0 and \$2,994 of costs were related to charity care for the years ended September 30, 2020 and 2019, 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:

	2020	2019
Invested in Capital Assets, net of related debt	\$ 3,576,554	\$ 3,126,376
Unrestricted	11,015,564	12,200,940
Total Net Position	\$ 14,592,118	\$ 15,327,316

**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. Statement number 95 postponed the effective date for 18 months. New effective date is fiscal years beginning after June 15, 2021. 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. Lady of the Sea received funds from three of the different portions of funds: The Small Business Administration's Paycheck Protection Program, the Medicare Accelerated Program, and Provider Relief Funds.

*Paycheck Protection Program*

The hospital received \$1,913,771 on April 29, 2020. 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%.

*Provider Relief Funds*

The Hospital received \$3,994,042 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

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

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020 and 2019

NOTE 21 - CARES ACT FUNDING, CONTINUED

19, excluding expenses and losses that have been reimbursed from other sources, exceed the total amount of Provider Relief funding received. A repayment mechanism has yet to be established.

NOTE 22: SUBSEQUENT EVENTS

In January 2021, the Hospital applied for the second payroll protection program loan totaling \$1,913,771.

In preparing these financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through March 31, 2021, the date the financial statements were available to be issued.

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

**SCHEDULES OF PATIENT SERVICE REVENUES**

**YEAR ENDED SEPTEMBER 30,**

	2020	2019
<b>INPATIENT SERVICE REVENUES</b>		
<b>Daily Patient Services:</b>		
Room and Board	\$ 844,131	\$ 337,417
Observation	<u>817,921</u>	<u>12,700</u>
Total	<u>1,662,052</u>	<u>350,117</u>
<b>Other Nursing Services:</b>		
Central Supplies	252,063	273,078
Emergency Service	<u>73,999</u>	<u>54,360</u>
Total	<u>326,062</u>	<u>327,438</u>
<b>Other Professional Services:</b>		
Blood	29,116	15,808
Laboratory	717,957	392,165
Pharmacy	1,466,836	855,681
Radiology	610,249	292,105
Respiratory	402,966	481,344
Therapy Services	<u>59,494</u>	<u>37,086</u>
Total	<u>3,286,618</u>	<u>2,074,189</u>
<b>TOTAL INPATIENT SERVICE REVENUE</b>	<u>5,274,732</u>	<u>2,751,744</u>

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

**SCHEDULES OF PATIENT SERVICE REVENUES**

**YEAR ENDED SEPTEMBER 30,**

	<b>2020</b>	<b>2019</b>
<b>OUTPATIENT SERVICE REVENUES</b>		
<b>Other Nursing Services:</b>		
Central Supplies	98,065	584,587
Emergency Service	2,858,063	2,949,559
Observation	790	(122,281)
Operating Room	644,859	1,136,581
Total	3,601,777	4,548,446
<b>Other Professional Services:</b>		
Anesthesiology	79,852	37,632
Blood	8,279	38,830
Clinics	2,149,690	2,848,110
Laboratory	4,631,566	6,901,825
Hospitalist	47,287	-
Pharmacy	2,176,706	2,179,684
Professional Fees	258,528	254,858
Radiology	5,297,601	5,718,729
Respiratory	362,470	781,407
Total	15,011,979	18,761,075
<b>TOTAL OUPATIENT SERVICE REVENUE</b>	<b>18,613,756</b>	<b>23,309,521</b>
<b>GROSS PATIENT SERVICE REVENUE</b>	<b>23,888,488</b>	<b>26,061,265</b>
Less: Contractual Adjustments	7,243,701	9,796,154
<b>NET PATIENT SERVICE REVENUE BEFORE PROVISION FOR DOUBTFUL ACCOUNTS</b>	<b>\$ 16,644,787</b>	<b>\$ 16,265,111</b>

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>2020</u>	<u>2019</u>
Cafeteria and Vending Sales	\$ 23,267	\$ 57,934
Medical Records	7,162	4,256
Other	<u>55,685</u>	<u>116,332</u>
Total	<u>\$ 86,114</u>	<u>\$ 178,522</u>



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

**SCHEDULES OF PROFESSIONAL SERVICES**

**YEAR ENDED SEPTEMBER 30,**

	2020	2019
<b>Salaries and Fees:</b>		
Central Supply	\$ 66,304	\$ 46,819
Clinics	2,385,427	2,038,971
Emergency Room	1,847,034	1,666,547
Laboratory	1,042,380	1,026,063
Nursing	1,861,470	1,726,053
Operating Room and Anesthesiology	73,893	90,877
Pharmacy	280,965	272,307
Radiology	988,270	956,488
Respiratory	438,095	412,613
Therapy	100,194	90,826
Total Salaries and Fees	9,084,032	8,327,564
 <b>Supplies and Other Expenses:</b>		
Blood	89	39,956
Clinics	282,291	342,766
Emergency Room	99,780	127,974
Laboratory	385,551	406,121
Nursing	196,613	125,483
Operating Room and Anesthesiology	70,119	37,264
Pharmacy	426,557	370,722
Radiology	679,886	553,926
Respiratory	27,356	74,299
Total Supplies and Other Expenses	2,168,242	2,078,511
Total Professional Services	\$ 11,252,274	\$ 10,406,075

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

**SCHEDULES OF GENERAL AND ADMINISTRATIVE**

**YEAR ENDED SEPTEMBER 30,**

	2020	2019
<b>Salaries and Fees:</b>		
Administrative	\$ 1,726,896	\$ 1,441,458
Dietary	238,110	208,588
Housekeeping	280,593	235,985
Maintenance	222,741	278,087
Medical Records	320,521	248,761
Total Salaries and Fees	2,788,861	2,412,879
<b>Supplies and Other Expenses:</b>		
Administrative	1,915,089	1,703,571
Dietary	149,367	163,488
Employee Benefits	2,399,543	2,248,437
Housekeeping	149,875	80,800
Information Technology	656,018	491,456
Insurance	138,385	187,484
Maintenance	354,038	341,338
Medical Records	30,826	55,008
Total Supplies and Other Expenses	5,793,141	5,271,582
Total General and Administrative Services	\$ 8,582,002	\$ 7,684,461

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>2020</u>	<u>2019</u>
	<u>COMPENSATION</u>	<u>COMPENSATION</u>
Chris Bowman	\$ -	\$ 243
Rebecca Crouch	400	400
Angela Curtis	400	400
Shontae Mims	400	440

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>2020</u>	<u>2019</u>
JOHN MORGAN		
Salary	\$ 191,512	\$ 173,939
Benefits-Insurance	12,623	12,347
Benefits-Retirement	8,931	6,261
Benefits-Other	-	7
Reimbursements	328	1,200
Travel	-	828
Special Meals	-	591
	<u>\$ 213,394</u>	<u>\$ 195,173</u>



Glen P. Langlinais, CPA  
Gayla F. Russo, CPA

Michael P. Broussard, CPA  
Elizabeth L. Whitford, CPA  
John W. O'Bryan, CPA  
Barrett B. Perry, CPA  
Elizabeth N. DeBaillon, CPA

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, 2020 and 2019, 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 31, 2021.

**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 2020-1 through 2020-3.

**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 31, 2021

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, 2020 and 2019

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, 2020 and 2019, and have issued our report thereon dated March 31, 2021. 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, 2020 and 2019 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 2020-1 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 2020-2 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 2020-3 Proposed Audit Adjustments**

**Criteria and Condition:** The proposed audit adjustments for the fiscal years ended September 30, 2020 and 2019 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, 2020.



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, 2020

**Finding 2019-1 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 2020-1.

**Finding 2019-2 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 2020-2.

**Finding 2019-3 Proposed Audit Adjustments:** The proposed audit adjustments for the fiscal years ended September 30, 2020 and 2019 had material effects on the financial statements.

**Status:** Unresolved. See Finding 2020-3.