

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
Fairfield, Iowa**

**FINANCIAL REPORT**

**June 30, 2022 and 2021**

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**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
OFFICIALS  
June 30, 2022**

**BOARD OF TRUSTEES**

**Expiration of term**

**Officers**

Merlin Miller, Chair  
Greg Hanshaw, Vice Chair  
Joneane Parker, Secretary/Treasurer

December 31, 2024  
December 31, 2022  
December 31, 2024

**Members**

Julie Greeson  
Trent Hammes  
Bob Keller  
Renee Rebling

December 31, 2024  
December 31, 2022  
December 31, 2022  
December 31, 2022

**CHIEF EXECUTIVE OFFICER**

Bryan Hunger

**CHIEF FINANCIAL OFFICER**

Larry Peach



## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Jefferson County Hospital  
d/b/a Jefferson County Health Center  
Fairfield, Iowa

### Opinion

We have audited the accompanying financial statements of Jefferson County Hospital d/b/a Jefferson County Health Center, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Health Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jefferson County Hospital d/b/a Jefferson County Health Center, as of June 30, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Jefferson County Hospital d/b/a Jefferson County Health Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Change in Accounting Principle

As discussed in the notes to the financial statements, in 2022 the Health Center adopted new accounting guidance, GASBS Number 87, *Leases*. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## **Required Supplementary Information**

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

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jefferson County Hospital d/b/a Jefferson County Health Center's basic financial statements. The Other Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the Other Information as listed in the table of contents included in the annual report. The Other Information comprises the comparative statistics, utilization and other information but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the Other Information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the Other Information and consider whether a material inconsistency exists between the Other Information and the basic financial statements, or the Other Information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the Other Information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2022 on our consideration of Jefferson County Hospital d/b/a Jefferson County Health Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Jefferson County Hospital d/b/a Jefferson County Health Center's internal control over financial reporting and compliance.

  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
October 31, 2022

**JEFFERSON COUNTY HOSPITAL  
d/b/a JEFFERSON COUNTY HEALTH CENTER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Jefferson County Health Center, we offer readers of the financial statements this narrative overview and analysis of the Health Center's financial performance during the fiscal years ended June 30, 2022 and 2021. Please read it in conjunction with the Health Center's financial statements, which follow this section.

**Overview of the Financial Statements**

This annual report includes this management's discussion and analysis, the independent auditor's reports, the basic financial statements of the Health Center, and supplementary information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

**Required Financial Statements**

The financial statements of the Health Center report information of the Health Center using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The statement of financial position includes the Health Center's assets, liabilities, deferred outflows and deferred inflows and provides information about the nature and amounts of investments in resources, assets, and the obligations to Health Center's creditors. It also provides the basis for evaluating the capital structure of the Health Center and assessing the liquidity and financial flexibility of the Health Center.

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Health Center operations over the past year and can be used to determine whether the Health Center has successfully recovered all its costs through its patient service revenue and other revenue sources, profitability and credit worthiness.

The final required financial statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, noncapital financing, capital and related financing and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

**Financial Highlights**

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
Total assets	\$61,162,980	\$62,330,951	\$(1,167,971)
Total assets whose use is limited	2,044,535	2,103,390	(58,855)
Total capital assets	26,558,222	27,159,881	(601,659)
Total current and long-term debt	16,772,559	19,318,870	(2,546,311)
Total net position	26,804,376	24,752,231	2,052,145
Net patient service revenue	54,587,776	48,978,958	5,608,818
Total operating expenses	58,174,064	54,143,798	4,030,266

**Financial Analysis of the Health Center**

The statements of net position and the statements of revenues, expenses, and changes in net position report the net position of the Health Center and the changes in them. The Health Center's net position is a way to measure financial health or financial position. Over time, sustained increases or decreases in the Health Center's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in economic conditions, population growth and new or changed government legislation should also be considered.

A summary of the Health Center's statements of net position is presented below.

### Condensed Statements of Net Position

	<b>June 30</b>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current assets	\$28,886,619	\$30,236,333	\$31,047,742
Noncurrent assets whose use is limited	330,484	393,100	314,220
Capital assets	26,558,222	27,159,881	29,284,066
Other assets	5,387,655	4,782,637	3,694,731
Deferred outflows of resources	<u>3,532,310</u>	<u>4,660,118</u>	<u>4,457,372</u>
Total assets and deferred outflows of resources	<u>\$64,695,290</u>	<u>\$67,232,069</u>	<u>\$68,798,131</u>
Current liabilities	\$10,301,293	\$ 8,337,700	\$14,634,783
Noncurrent liabilities	14,316,795	32,442,014	32,292,428
Deferred inflows of resources	13,272,826	1,700,124	3,278,352
Net position	<u>26,804,376</u>	<u>24,752,231</u>	<u>18,592,568</u>
Total liabilities, deferred inflows of resources and net position	<u>\$64,695,290</u>	<u>\$67,232,069</u>	<u>\$68,798,131</u>

A summary of the Health Center's historical statements of revenues, expenses, and changes in net position is presented below.

### Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<b>Year ended June 30</b>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total revenue	\$56,912,891	\$51,264,723	\$46,768,490
Total expenses	<u>58,174,064</u>	<u>54,143,798</u>	<u>50,161,845</u>
Operating income (loss)	(1,261,173)	(2,879,075)	(3,393,355)
Total nonoperating gains and contributions	<u>3,313,318</u>	<u>9,038,738</u>	<u>3,681,653</u>
Change in net position	2,052,145	6,159,663	288,298
Total net position, beginning	<u>24,752,231</u>	<u>18,592,568</u>	<u>18,304,270</u>
Total net position, ending	<u>\$26,804,376</u>	<u>\$24,752,231</u>	<u>\$18,592,568</u>



## Operating and Financial Performance

The following summarizes the Health Center's statements of revenues, expenses and changes in net position for the years ended June 30, 2022, 2021 and 2020.

### Patient Service Revenue

Net patient service revenue is a product of volume, price increases, contractual adjustments and payor mix. The following table summarizes the changes in these factors for 2022, 2021 and 2020.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Volume</b>			
Patient days			
Adult and pediatric	2,785	2,106	1,555
Swing bed	1,011	1,885	1,790
Discharges			
Adult and pediatric	642	565	447
Swing bed	87	129	140
Average length of stay			
Adult and pediatric	4.3	3.7	3.5
Swing bed	11.6	14.6	12.8
<b>Gross revenue, before charity care</b>			
Inpatient	\$14,626,655	\$13,602,312	\$12,072,919
Outpatient	86,123,773	75,787,246	71,136,245
<b>Contractual and other adjustments</b>			
Percent of gross revenue	46%	45%	46%
<b>Payor mix by percentage</b>			
Medicare	55%	57%	55%
Medicaid	14%	14%	14%
Commercial insurance	30%	28%	29%
All other	1%	1%	2%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

### Expenses

The following table summarizes the Health Center's expenses, including interest expense, by type of expense for each of 2022, 2021 and 2020.

	<u>2022</u>		<u>2021</u>		<u>2020</u>	
Salaries	\$23,623,519	40%	\$20,405,371	37%	\$18,888,687	37%
Supplies and other expenses	30,745,766	52	29,762,393	54	27,306,892	54
Depreciation and amortization	3,804,779	6	3,976,034	7	3,966,266	8
Interest and amortization	<u>523,792</u>	<u>1</u>	<u>643,792</u>	<u>1</u>	<u>690,436</u>	<u>1</u>
Total	<u>\$58,697,856</u>	<u>100%</u>	<u>\$54,787,590</u>	<u>100%</u>	<u>\$50,852,281</u>	<u>100%</u>

### Nonoperating Gains

Nonoperating gains were \$3,232,286 in 2022 compared to \$8,987,191 in 2021. COVID-19 provider relief funding represents the majority of the nonoperating gains.

## Capital Assets

A summary of the Health Center's capital assets is presented below.

<b>Capital Assets</b>	<b>June 30</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Property and equipment, gross	\$72,017,377	\$69,062,770	\$67,309,516
Less accumulated depreciation	<u>45,459,155</u>	<u>41,902,889</u>	<u>38,025,450</u>
Net capital assets	<u>\$26,558,222</u>	<u>\$27,159,881</u>	<u>\$29,284,066</u>
Acquisitions of capital assets during the year	\$ 3,149,602	\$ 1,753,254	\$ 1,381,771
Disposal of capital assets during the year	<u>194,995</u>	<u>—</u>	<u>7,872</u>
Increase in property and equipment, gross	<u>\$ 2,954,607</u>	<u>\$ 1,753,254</u>	<u>\$ 1,373,899</u>

## Debt Administration

The changes in long-term debt for 2022, 2021 and 2020 are shown below. More detailed information about the Health Center's outstanding debt is presented in the Note to Financial Statements.

<b>Long-term Debt</b>	<b>Year ended June 30</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Beginning balance	\$19,338,522	\$22,251,062	\$25,082,624
Additions	409,600	—	—
Principal payments	<u>(2,962,462)</u>	<u>(2,912,540)</u>	<u>(2,831,562)</u>
Ending balance	<u>\$16,785,660</u>	<u>\$19,338,522</u>	<u>\$22,251,062</u>
Long-term debt as a percentage of total liabilities	68%	47%	47%

In addition during the year ended June 30, 2020 the Health Center obtained a loan through the Paycheck Protection Program administered by the SBA in the amount of \$4,084,600 which was forgiven during the year ending June 30, 2021.

## Performance Compared to County Hospital Budget

The Health Center prepares its annual County Hospital budget on the budget basis, which differs from generally accepted accounting principles, GAAP basis. More detailed information as to major differences between County Hospital budget and GAAP bases are presented in the Notes to Financial Statements. A comparison of the Health Center's fiscal year 2022 actual budget basis financial information to its annual County Hospital budget is presented below.

<b>Actual vs Budget</b>	<b>Actual budget basis</b>	<b>Annual County Hospital budget</b>	<b>Variance</b>
Amount to be raised by taxation	\$ 900,701	\$ 877,198	\$ 23,503
Other revenues/receipts	<u>59,849,300</u>	<u>58,865,194</u>	<u>984,106</u>
Expenses/expenditures	<u>60,750,001</u>	<u>59,742,392</u>	<u>1,007,609</u>
Net	<u>\$ 2,052,145</u>	<u>\$ 95,892</u>	<u>\$1,956,253</u>

### **Economic and Other Factors and Next Year's Budget**

The Health Center's board and management considered many factors when setting the fiscal year 2023 budget. Of primary importance are the market forces and environmental factors impacting healthcare such as:

- Medicare and Medicaid reimbursement rates
- Reimbursement rates of other payors
- Cost of supplies
- Facility expansion and growth in demand for services
- Technology advancements

### **Contacting Health Center's Management**

This financial report is designed to provide users with a general overview of the Health Center's finances and to demonstrate the Health Center's accountability. If you have questions about this report or need additional information, contact the finance department at Jefferson County Health Center; 2000 S. Main; Fairfield, Iowa 52556. Phone number 641-472-4111.

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
STATEMENTS OF NET POSITION**

	<b>June 30</b>	
	<u><b>2022</b></u>	<u><b>2021</b></u>
<b>CURRENT ASSETS</b>		
Cash	\$16,919,634	\$18,161,130
Assets whose use is limited, required for current liabilities	1,714,051	1,710,290
Patient receivables, less allowance for contractual adjustments and bad debts	6,861,151	6,686,044
Other receivables	397,320	722,101
Estimated third-party payor settlements	400,000	300,000
Inventories	1,030,455	928,432
Prepaid expenses	672,008	595,336
Succeeding year property tax receivable	<u>892,000</u>	<u>892,000</u>
<b>Total current assets</b>	<u><b>28,886,619</b></u>	<u><b>29,995,333</b></u>
<b>ASSETS WHOSE USE IS LIMITED</b>		
Restricted by bond indenture agreement		
Cash and cash equivalents	1,714,051	1,710,290
Restricted by donors for specific purposes		
Cash and cash equivalents	<u>330,484</u>	<u>393,100</u>
<b>Total assets whose use is limited</b>	<u><b>2,044,535</b></u>	<u><b>2,103,390</b></u>
Less assets whose use is limited, required for current liabilities	<u>1,714,051</u>	<u>1,710,290</u>
Noncurrent assets whose use is limited	<u>330,484</u>	<u>393,100</u>
<b>CAPITAL ASSETS</b>	72,017,377	69,062,770
Less accumulated depreciation and amortization	<u>45,459,155</u>	<u>41,902,889</u>
<b>Total capital assets</b>	<u><b>26,558,222</b></u>	<u><b>27,159,881</b></u>
<b>OTHER ASSETS</b>		
Acquired intangible assets, net	271,553	370,148
Other receivables	3,194,879	2,615,827
Investment in joint ventures	<u>1,921,223</u>	<u>1,796,662</u>
<b>Total other assets</b>	<u><b>5,387,655</b></u>	<u><b>4,782,637</b></u>
<b>Total assets</b>	<u><b>61,162,980</b></u>	<u><b>62,330,951</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	3,518,286	4,643,925
OPEB related deferred outflows	<u>14,024</u>	<u>16,193</u>
<b>Total deferred outflows of resources</b>	<u><b>3,532,310</b></u>	<u><b>4,660,118</b></u>
<b>Total assets and deferred outflows of resources</b>	<u><b>\$64,695,290</b></u>	<u><b>\$66,991,069</b></u>

See Notes to Financial Statements.

**June 30**

	<u>2022</u>	<u>2021</u>
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 2,941,460	\$ 2,928,522
Accounts payable	3,414,458	2,322,572
Accrued employee compensation	2,864,125	2,163,148
Payroll taxes and withholdings	935,699	744,655
Accrued interest	145,551	178,803
Total current liabilities	<u>10,301,293</u>	<u>8,337,700</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, less current maturities	13,831,099	16,390,348
Net pension liability	329,788	15,876,270
Net OPEB liability	155,908	175,396
Total long-term liabilities	<u>14,316,795</u>	<u>32,442,014</u>
<b>Total liabilities</b>	<u>24,618,088</u>	<u>40,779,714</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable property tax revenue	892,000	892,000
Pension related deferred inflows	12,320,827	544,485
OPEB related deferred inflows	59,999	22,639
Total deferred inflows of resources	<u>13,272,826</u>	<u>1,459,124</u>
<b>NET POSITION</b>		
Net investment in capital assets	9,785,663	7,841,011
Restricted		
By bond indenture agreement	1,714,051	1,710,290
For specific purpose by donors	330,484	393,100
Unrestricted	<u>14,974,178</u>	<u>14,807,830</u>
Total net position	<u>26,804,376</u>	<u>24,752,231</u>
Total liabilities and deferred inflows of resources	<u>\$64,695,290</u>	<u>\$66,991,069</u>

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	<u>Year ended June 30</u>	
	<u>2022</u>	<u>2021</u>
<b>NET PATIENT SERVICE REVENUE</b> , net of provision for bad debts 2022 \$575,102; 2021 \$553,486	\$54,587,776	\$48,978,958
<b>OTHER REVENUE</b>	<u>2,325,115</u>	<u>2,285,765</u>
Total revenue	<u>56,912,891</u>	<u>51,264,723</u>
<b>OPERATING EXPENSES</b>		
Nursing service	12,031,628	9,674,053
Other professional service	29,815,096	25,847,852
General service	3,664,756	3,085,609
Fiscal and administrative service and unassigned expenses	8,857,805	11,560,250
Provision for depreciation and amortization	<u>3,804,779</u>	<u>3,976,034</u>
Total expenses	<u>58,174,064</u>	<u>54,143,798</u>
Operating (loss)	<u>(1,261,173)</u>	<u>(2,879,075)</u>
<b>NONOPERATING GAINS (LOSSES)</b>		
COVID-19 Provider Relief Funding	2,352,510	7,549,285
County taxes	900,701	936,603
Investment income	18,408	199,745
Interest and amortization expense	(523,792)	(643,792)
Equity in income of joint venture investments	524,561	942,690
Gain (loss) on sale of property and equipment	<u>(40,102)</u>	<u>2,660</u>
Total nonoperating gains (losses)	<u>3,232,286</u>	<u>8,987,191</u>
Excess of revenues over expenses before contributions	1,971,113	6,108,116
<b>CONTRIBUTIONS</b>	<u>81,032</u>	<u>51,547</u>
Change in net position	2,052,145	6,159,663
<b>TOTAL NET POSITION</b>		
Beginning	<u>24,752,231</u>	<u>18,592,568</u>
Ending	<u>\$26,804,376</u>	<u>\$24,752,231</u>

See Notes to Financial Statements.

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
STATEMENTS OF CASH FLOWS**

	<b>Year ended June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from patients and third-party payors	\$54,312,669	\$48,495,249
Cash paid to suppliers for goods and services	(32,520,262)	(28,550,420)
Cash paid to employees for services	(22,922,542)	(20,358,315)
Other operating revenue received	<u>2,325,115</u>	<u>2,285,765</u>
Net cash flows from operating activities	<u>1,194,980</u>	<u>1,872,279</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
COVID-19 provider relief funding received	2,352,510	278,833
County taxes received	<u>900,701</u>	<u>936,603</u>
Net cash flows from noncapital financing activities	<u>3,253,211</u>	<u>1,215,436</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets and construction in progress	(2,740,002)	(1,753,254)
Principal payments on long-term debt	(2,962,462)	(2,912,540)
Proceeds from sale of capital assets	4,975	2,660
Interest paid on long-term debt	(550,493)	(672,825)
Contributions restricted for purchase of capital assets	<u>81,032</u>	<u>51,547</u>
Net cash flows from capital and related financing activities	<u>(6,166,950)</u>	<u>(5,284,412)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Distributions from investments in joint ventures	400,000	300,000
Investment income received	<u>18,408</u>	<u>199,745</u>
Net cash flows from investing activities	<u>418,408</u>	<u>499,745</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,300,351)	(1,696,952)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	<u>20,264,520</u>	<u>21,961,472</u>
Ending	<u>\$18,964,169</u>	<u>\$20,264,520</u>

See Notes to Financial Statements.

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
STATEMENTS OF CASH FLOWS (continued)**

	<u>Year ended June 30</u>	
	<u>2022</u>	<u>2021</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating (loss)	\$(1,261,173)	\$ (2,879,075)
Adjustments to reconcile operating (loss) to net cash flows from operating activities		
Provision for depreciation and amortization	3,804,779	3,976,034
Change in assets, liabilities, deferred outflows and deferred inflows		
Patient receivables	(175,107)	(33,709)
Other receivables, net of noncapital financing activities	(254,271)	(1,114,888)
Inventories	(102,023)	(40,441)
Prepaid expenses	(76,672)	(19,196)
Deferred outflows of resources	1127808	(202,746)
Accounts payable, net of capital assets payable	1,091,886	947,776
Accrued employee compensation	700,977	47,056
Payroll taxes and withholdings	191,044	148,139
Net estimated third-party payor settlements	(100,000)	(450,000)
Net pension asset/liability	(15,546,482)	3,046,381
Deferred inflows of resources	11,813,702	(1,578,228)
Net OPEB liability	<u>(19,488)</u>	<u>25,176</u>
Net cash flows from operating activities	<u>\$ 1,194,980</u>	<u>\$ 1,872,279</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b>		
Per statement of net position		
Current assets	\$16,919,634	\$18,161,130
Assets whose use is limited		
Restricted by bond indenture agreement	1,714,051	1,710,290
Restricted by donors for specific purpose	<u>330,484</u>	<u>393,100</u>
Total per statement of cash flows	<u>\$18,964,169</u>	<u>\$20,264,520</u>

See Notes to Financial Statements.



**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

The Health Center is a county public hospital organized under Chapter 347, Code of Iowa, not subject to taxes on income or property, and receives tax support from Jefferson County, which is governed by a seven member Board of Trustees.

**Reporting Entity**

For financial reporting purposes, Jefferson County Hospital d/b/a Jefferson County Health Center has included all funds, organizations, agencies, boards, commissions and authorities that are not legally separate. The Health Center has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Health Center are such that exclusion would cause the Health Center's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Health Center to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Health Center. These criteria also include organizations that are fiscally dependent on the Health Center. Jefferson County Health Center has no material component units which meet the Governmental Accounting Standards Board criteria.

**Measurement Focus and Basis of Accounting**

The Health Center is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Health Center is better or worse off economically as a result of events and transactions of the period.

The financial statements have been prepared in accordance with accounting principles which are applicable to health care proprietary funds of a governmental entity. The Health Center uses the accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

**Accounting Standards**

The Health Center has elected to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements.

**Cash and Cash Equivalents**

Cash and cash equivalents include money market funds and certificates of deposit.

**Inventories**

Inventories are stated at cost, based on the first-in, first-out method.

**Property Tax Receivable**

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify the budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets**

Capital asset acquisitions are recorded at cost. Capital assets donated for Health Center operations are recorded at fair value at the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method using these asset lives:

Land improvements	5 to 25 years
Buildings	5 to 40 years
Equipment	3 to 20 years

**Acquired Intangible Assets, Net**

Intangible assets acquired in connection with the purchase of a medical clinic are being amortized over a ten year period using the straight-line basis.

**Investment to Joint Ventures**

Investments in certain partnerships are accounted for using the equity method under which the net income of the partnerships is recognized as investment income and added to the investment account.

**Pensions**

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension income/expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**OPEB Liability**

For purposes of measuring the OPEB liability, deferred outflows and inflows of resources related to OPEB and OPEB expense, information has been determined based on the Health Center's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to OPEB expense, pension income/expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the statement of net position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of items related to the Health Center's pension plan and OPEB.

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Position**

Net position is presented in the following components:

**Net investment in capital assets**

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of long-term debt that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted**

Restricted net position consists of funds on which constraints have been externally imposed by creditors (such as through debt covenants) grantors or contributors, or laws or regulations of other governments.

**Unrestricted**

Unrestricted net position has no externally imposed restrictions on use.

When both restricted and unrestricted net position are available for use, generally it is the Health Center's policy to use restricted net position first.

**Charity Care**

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

**Net Patient Service Revenue**

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

**Revenues, Expenses, and Changes in Net Position**

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and expenses. Revenues and expenses reported as nonoperating include county tax revenues and other subsidies, interest income and expense, equity in income of joint venture investments, gain or loss on sale of assets and contributions.

**Costs of Borrowing**

Costs of borrowing are expensed in the year incurred.

**Credit Policy**

The Health Center grants credit to patients, substantially all of whom are county residents.

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accounting Estimates and Assumptions**

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

**NOTE 2 CASH AND INVESTMENTS**

The Health Center's deposits in banks at June 30, 2022 were covered by federal depository insurance, or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Health Center is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The primary objectives of the Health Center's investment policy include the safety and preservation of principal in the overall investment portfolio, the maintenance of necessary liquidity to match expected liabilities, and obtaining a reasonable return. Funds not identified as operating funds may be invested in investments with maturities longer than three hundred ninety-seven days, provided that the maturities shall be consistent with the needs and use of the Health Center.

**NOTE 3 PATIENT RECEIVABLES**

Patient accounts receivable reported as current assets consisted of these amounts:

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
Receivable from patients	\$ 1,852,325	\$ 1,606,201
Receivable from insurance carriers	2,852,708	3,138,837
Receivable from Medicare	5,381,633	5,221,659
Receivable from Medicaid	<u>1,154,485</u>	<u>954,347</u>
Total patient receivables	11,241,151	10,921,044
Less allowances for contractual and other adjustments	<u>(4,380,000)</u>	<u>(4,235,000)</u>
Totals	<u>\$ 6,861,151</u>	<u>\$ 6,686,044</u>

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 ASSETS RESTRICTED BY BOND INDENTURE AGREEMENT**

Assets restricted by the bond indenture agreement include funds that are required to be funded under the terms of the agreement. The current agreement requires the maintenance of a Bond Sinking Fund. There are provisions outlined in the agreement regarding deposit requirements in the various funds. Following are the changes in these funds for the years ended June 30, 2022 and 2021:

	<u>Year ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Balance, beginning	\$1,710,290	\$1,708,982
Deposits	3,335,310	3,329,684
Investment income	1,487	1,948
Principal payments	(2,790,000)	(2,710,000)
Interest payments	<u>(543,036)</u>	<u>(620,324)</u>
Balance, ending	<u>\$1,714,051</u>	<u>\$1,710,290</u>

**NOTE 5 CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2022 and 2021 follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2022</u>
Land	\$ 1,168,335	\$ -	\$ -	\$ -	\$ 1,168,335
Land improvements	2,559,497	-	-	-	2,559,497
Buildings	42,846,845	577,192	(115,121)	-	43,308,916
Equipment	22,470,729	2,540,973	(79,874)	-	24,931,828
Construction and equipment installations in progress	<u>17,364</u>	<u>31,437</u>	<u>-</u>	<u>-</u>	<u>48,801</u>
Totals	69,062,770	3,149,602	(194,995)	-	72,017,377
Less accumulated depreciation	<u>(41,902,889)</u>	<u>(3,706,184)</u>	<u>149,918</u>	<u>-</u>	<u>(45,459,155)</u>
Net capital assets	<u>\$27,159,881</u>	<u>\$ (556,582)</u>	<u>\$ (45,077)</u>	<u>\$ -</u>	<u>\$26,558,222</u>

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2021</u>
Land	\$ 1,168,335	\$ -	\$ -	\$ -	\$ 1,168,335
Land improvements	2,549,097	10,400	-	-	2,559,497
Buildings	42,793,574	53,271	-	-	42,846,845
Equipment	20,719,539	1,689,583	-	61,607	22,470,729
Construction and equipment installations in progress	<u>78,971</u>	<u>-</u>	<u>-</u>	<u>(61,607)</u>	<u>17,364</u>
Totals	67,309,516	1,753,254	-	-	69,062,770
Less accumulated depreciation	<u>(38,025,450)</u>	<u>(3,877,439)</u>	<u>-</u>	<u>-</u>	<u>(41,902,889)</u>
Net capital assets	<u>\$29,284,066</u>	<u>\$(2,124,185)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$27,159,881</u>

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 LONG TERM DEBT**

The Board of Trustees of the Jefferson County Health Center adopted a resolution authorizing the issuance of revenue bonds to provide financing for the constructing and equipping a replacement Health Center for the Jefferson County Health Center and constructing and equipping and improving medical office space located on the Health Center's campus. The bonds issued are as follows:

- Jefferson County Hospital Revenue Refunding Bonds, Series 2016B dated August 1, 2016. The bonds mature serially through August 2028. Interest is payable February 1 and August 1 each year at the annual rate of 3%. The bonds are callable at the option of the Health Center at par plus accrued interest.
- Jefferson County Hospital Revenue Bonds, Series 2017 dated January 3, 2017. The bonds mature serially through August 2023. Interest is payable on February 1 and August 1 each year at annual rates ranging from 2.6% to 2.8%. Bonds maturing on or after August 1, 2021 are subject to redemption.

The Health Center entered into a note payable to purchase equipment. The note is payable in monthly installments of \$7,518 including interest at approximately 3.9%. The note is payable through March 2027. The note is collateralized by the equipment.

As to the above Hospital Revenue Bonds, the Health Center has pledged all future revenue to pay the principal and interest. The Bonds were issued to finance capital improvements of the Health Center and to provide financing for the constructing and equipping of a replacement Health Center. The revenues are pledged through August 2028. The remaining principal and interest on the obligations as of June 30, 2022 is approximately \$18,100,000 based on the payment schedules as of June 30, 2022. The following is a comparison of the pledged revenues and the principal and interest requirements of the Bonds for the years ended June 30, 2022 and 2021:

	<b>Year ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Change in net position	\$ 2,052,145	\$ 6,159,663
Provision for depreciation and amortization	3,804,779	3,976,034
Interest and amortization expense	523,792	643,792
IPERS and OPEB adjustments	(2,624,460)	1,290,583
(Gain) loss on sale of property	40,102	(2,660)
 Pledged revenues	 \$ 3,796,358	 \$12,067,412
 Principal and interest requirements	 \$ 3,332,951	 \$ 3,330,234

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 LONG TERM DEBT (continued)**

Principal and interest maturities of long-term debt at June 30, 2022 are summarized as follows:

<u>Year ending June 30</u>	<u>Revenue Bonds</u>		<u>Equipment Note</u>		<u>Totals</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,865,000	\$ 462,145	\$ 76,460	\$ 13,756	\$ 2,941,460	\$ 475,901	\$ 3,417,361
2024	2,950,000	377,745	79,466	10,750	3,029,466	388,495	3,417,961
2025	2,235,000	317,625	82,591	7,625	2,317,591	325,250	2,642,841
2026	2,300,000	233,700	85,838	4,378	2,385,838	238,078	2,623,916
2027	2,370,000	164,175	51,305	1,076	2,421,305	165,251	2,586,556
2028-2029	<u>3,690,000</u>	<u>111,300</u>	<u>—</u>	<u>—</u>	<u>3,690,000</u>	<u>111,300</u>	<u>3,801,300</u>
Total	16,410,000	1,666,690	375,660	37,585	16,785,660	1,704,275	18,489,935
Less current maturities	2,865,000	462,145	76,460	13,756	2,941,460	475,901	3,417,361
Less discount	<u>13,101</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,101</u>	<u>—</u>	<u>13,101</u>
Total long-term debt	<u>\$13,531,899</u>	<u>\$1,204,545</u>	<u>\$ 299,200</u>	<u>\$ 23,829</u>	<u>\$13,831,099</u>	<u>\$1,228,374</u>	<u>\$15,059,473</u>

A summary of changes in long-term debt for the year ended June 30, 2022 follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Principal payments</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Hospital Revenue Bonds (Series 2016B)	\$16,915,000	\$ —	\$2,045,000	\$14,870,000	\$2,105,000
Hospital Revenue Bonds (Series 2017)	2,285,000	—	745,000	1,540,000	760,000
Equipment notes payable	<u>138,522</u>	<u>409,600</u>	<u>172,462</u>	<u>375,660</u>	<u>76,460</u>
Totals	<u>\$19,338,522</u>	<u>\$ 409,600</u>	<u>\$2,962,462</u>	<u>\$16,785,660</u>	<u>\$2,941,460</u>

A summary of changes in long-term debt for the year ended June 30, 2021 follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Principal payments</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Hospital Revenue Bonds (Series 2016A)	\$ 485,000	\$ —	\$ 485,000	\$ —	\$ —
Hospital Revenue Bonds (Series 2016B)	18,415,000	—	1,500,000	16,915,000	2,045,000
Hospital Revenue Bonds (Series 2017)	3,010,000	—	725,000	2,285,000	745,000
Equipment notes payable	<u>341,062</u>	<u>—</u>	<u>202,540</u>	<u>138,522</u>	<u>138,522</u>
Totals	<u>\$22,251,062</u>	<u>\$ —</u>	<u>\$2,912,540</u>	<u>\$19,338,522</u>	<u>\$2,928,522</u>

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 NET PATIENT SERVICE REVENUE**

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

**Medicare and Medicaid**

The Health Center is designated as a Critical Access Hospital. As a Critical Access Hospital, most services related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Health Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Health Center and audits thereof by the fiscal intermediary. The Iowa Medicaid Program has transitioned management of the program to managed care organizations. As a result, the Health Center is reimbursed using rates which are prospectively set by contracts with managed care organizations and is no longer subject to a final settlement based on actual costs incurred. The Health Center's classification of patients under the programs and the appropriateness of their admission are subject to an independent review by a peer review organization. The Health Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended June 30, 2020.

**Other**

The Health Center has also entered into payment agreements with Wellmark and other certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Health Center under these agreements includes prospectively determined rates per discharge and discounts from established charges.

**NOTE 8 CHARITY CARE**

The Health Center maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The following information measures the level of charity care provided during the years ended June 30, 2022 and 2021.

	<b>2022</b>	<b>2021</b>
Charges foregone, based on established rates	\$ <u>459,632</u>	\$ <u>481,756</u>

**NOTE 9 PENSION PLAN**

**Plan Description**

IPERS is a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System. Membership is mandatory for employees of the Health Center, except for those covered by another retirement system. IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.



**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 PENSION PLAN (continued)**

**Pension Benefits**

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age which is generally at age 55. Protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS' benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits**

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions**

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 PENSION PLAN (continued)**

Contribution rates, as a percentage of covered wages, were as follows for the years ended June 30, 2022 and 2021.

	<b>Regular Members</b>	
	<b>2022</b>	<b>2021</b>
Member contribution rate	6.29%	6.29%
Hospital contribution rate	9.44%	9.44%
Total contribution rate	15.73%	15.73%

The Health Center's contributions to IPERS for the years ended June 30, 2022 and 2021 were \$2,088,595 and \$1,812,963, respectively.

**Net Pension Assets/Liabilities, Pension Income/Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions**

At June 30, 2022 and 2021, the Health Center reported a net pension liability of \$329,788 and \$15,876,270, respectively, for its proportionate share of the net pension asset/liability. The Health Center net pension asset/liability was measured as of June 30, 2021 and 2020, and the total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of those dates. The Health Center's proportion of the net pension asset/liability was based on the Health Center's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. The following table summarizes the change in the Health Center's proportionate share:

	<b>Measurement Date</b>		<b>Change</b>
	<b>June 30</b>		
	<b>2021</b>	<b>2020</b>	
Health Center's proportionate share	(0.095528)%	0.226005%	(0.321533)%

For the years ended June 30, 2022 and 2021, the Health Center recognized pension (income) expense of \$(555,906) and \$3,080,630, respectively. At June 30, 2022 and 2021, the Health Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Pension Related Deferred</b>			
	<b>Outflows of Resources</b>		<b>Inflows of Resources</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Difference between expected and actual experience	\$ 250,923	\$ 17,539	\$ 251,941	\$ 376,308
Change in assumptions	215,709	814,924	-	-
Net difference between projected and actual earnings on pension plan investments	-	892,499	11,948,760	-
Change in proportion and difference between Health Center contributions and proportionate share of contributions	963,059	1,106,000	120,126	168,177
Health Center contributions subsequent to the measurement date	2,088,595	1,812,963	-	-
Totals	<u>\$3,518,286</u>	<u>\$4,643,925</u>	<u>\$12,320,827</u>	<u>\$ 544,485</u>

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 PENSION PLAN (continued)**

\$2,088,595 reported as deferred outflows of resources related to pensions resulting from the Health Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension (income) expense as follows:

**Year ending June 30,**

2023		\$ (2,543,640)
2024		(2,745,938)
2025		(2,552,316)
2026		(3,104,937)
2027		<u>55,695</u>
Totals		<u>\$(10,891,136)</u>

There were no non-employer contributing entities at IPERS.

**Actuarial Assumptions**

The total pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	2.60% per annum
Salary increases	3.25% to 16.25% average, including inflation
Long-term investment rate of return	7% compounded annually, net of investment expense, including inflation
Wage Growth Rate	3.25% per annum, based on 2.6% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 PENSION PLAN (continued)**

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core-plus fixed income	26.0	0.29
Private credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	<u>3.0</u>	2.87
Total	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the total pension asset/liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Health Center will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

**Sensitivity of the Health Center's Proportionate Share of the Net Pension Asset/Liability to Changes in the Discount Rate**

The following presents the Health Center's proportionate share of the net pension asset/liability calculated using the current discount rate of 7 percent, as well as what the Health Center's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Health Center's proportionate share of the net pension (asset) liability	<u>\$11,672,281</u>	<u>\$ 329,788</u>	<u>\$(9,175,942)</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 PENSION PLAN (continued)**

**Payables to the Pension Plan**

At June 30, 2022 and 2021, the Health Center reported payables to the defined benefit pension plan of approximately \$340,000 and \$290,000, respectively, for legally required employer contributions and employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**NOTE 10 CONTINGENCIES**

The Health Center is insured by a claims-made policy for protection against liability claims resulting from professional services provided or which should have been provided. Coverage limits are up to \$3,000,000 per claim and up to \$5,000,000 in the aggregate, with umbrella coverage up to \$10,000,000.

The Health Center is from time to time subject to claims and suits alleging malpractice. In the opinion of management, the ultimate cost, if any, related to the resolution of such pending legal proceedings will be within the limits of insurance coverage and, accordingly, will not have a significant effect on the financial position or the results of operations of the Health Center.

Incidents occurring through June 30, 2022 may result in the assertion of additional claims. Other claims may be asserted arising from services provided to patients in the past. Management is unable to estimate the ultimate cost, if any, of the resolution of such potential claims and, accordingly, no accrual has been made for them; however, management believes that these claims, if asserted, would be settled within the limits of insurance coverage.

**NOTE 11 EMPLOYEE BENEFITS**

The Health Center has developed a self-insured health insurance program for all employees. Claims for health care services for employees and their families are accrued when incurred. The plan contains a stop-loss provision which limits the amount of claims paid by the plan to \$65,000 per person, with an aggregate stop-loss provision for the plan as a whole equal to 125% of total expected claims. Total expense, which includes claims, administration fees, and stop-loss insurance, under this self-insurance program for the years ended June 30, 2022 and 2021 was approximately \$2,680,000 and \$2,450,000, respectively.

**NOTE 12 HEALTH CENTER RISK MANAGEMENT**

The Health Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Health Center assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**NOTE 13 ROBERT A. RYAN, M.D. ENDOWED SCHOLARSHIP FUND**

This fund was established through a donation received from Robert A. Ryan, M.D. The investment is to be maintained in perpetuity and the income only to be used for a nursing scholarship for a member of the senior class graduating from Fairfield High School, Fairfield, Iowa or from another high school in the area. At June 30, 2022 and 2021, the balance of the fund was \$77,439 and \$89,009, respectively.

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 CLINKINBEARD EDUCATION FUND**

This fund was established through a donation and is to be used for employees furthering their education. As of June 30, 2022 and 2021, the balance of the fund was \$253,045 and \$304,091, respectively.

**NOTE 15 INVESTMENT IN JOINT VENTURES**

The Health Center has varying interests in several joint ventures engaged in providing various health care services. The investments are accounted for using the equity method. The Health Center has recorded its share of the joint ventures' income of \$524,561 in 2022 and \$942,690 in 2021.

**NOTE 16 OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Health Center administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**OPEB Benefits**

Individuals who are employed by the Health Center and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>229</u>
Total	<u>229</u>

**Net OPEB Liability**

The Health Center's Net OPEB liability of \$155,908 and \$175,396 was measured as of June 30, 2022 and 2021, respectively, and was determined by an actuarial valuation as of July 1, 2020 and projected to July 1, 2021.

**Actuarial Assumptions**

The Net OPEB liability as of June 30, 2022 was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	2.60% per year
Rates of salary increase	3.25% per year plus merit increases
Discount rate	4.09% per annum
Healthcare cost trend rate	7.5% decreasing by .5% per year to an ultimate rate of 4.5%.

The discount rate used to measure the Net OPEB liability was 4.09% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

**Actuarial Assumptions (continued)**

Mortality rates for general participants were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. Mortality rates for surviving spouses were based on the SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

**Changes in Net OPEB Liability**

	<b>Year ended June 30</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Net OPEB liability, beginning of year	\$ 175,396	\$ 150,220
Changes for the year		
Service cost	21,194	19,364
Interest on the Net OPEB liability	4,305	4,511
Changes in benefit terms	—	—
Differences between expected and actual experience	(36,052)	5,014
Changes in assumptions or other inputs	(8,935)	(3,713)
Benefit payments	<u>—</u>	<u>—</u>
Net OPEB liability, end of year	<u>\$ 155,908</u>	<u>\$ 175,396</u>

Changes in assumptions or other inputs for the year ended June 30, 2022 includes a change in the discount rate from 2.19% in fiscal year 2021 to 4.09% in fiscal year 2022.

**Sensitivity of the Health Center's Net OPEB Liability to Changes in the Discount Rate**

The following presents the Net OPEB liability of the Health Center, as well as what the Health Center's Net OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate of 4.09%.

	<b><u>1% Decrease</u></b>	<b><u>Current Discount Rate</u></b>	<b><u>1% Increase</u></b>
Health Center's Net OPEB liability	\$ <u>166,944</u>	\$ <u>155,908</u>	\$ <u>145,214</u>

**Sensitivity of the Health Center's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the Net OPEB liability of the Health Center, as well as what the Health Center's Net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or higher than the current healthcare cost trend rates.

	<b><u>1% Decrease</u></b>	<b><u>Current Trend Rates</u></b>	<b><u>1% Increase</u></b>
Health Center's Net OPEB liability	\$ <u>136,776</u>	\$ <u>155,908</u>	\$ <u>178,880</u>

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

**OPEB Expense and Deferred Outflows and Inflows of Resources**

For the years ended June 30, 2022 and 2021, the Health Center recognized OPEB expense of \$20,041 and \$22,916, respectively. At June 30, 2022 and 2021, the Health Center reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>OPEB Related Deferred</b>			
	<b>Outflows of Resources</b>		<b>Inflows of Resources</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Differences between expected and actual experience	\$ -	\$ -	\$ 51,958	\$ 22,639
Changes in assumptions or other inputs	<u>14,024</u>	<u>16,193</u>	<u>8,041</u>	<u>-</u>
Totals	<u>\$ 14,024</u>	<u>\$ 16,193</u>	<u>\$ 59,999</u>	<u>\$ 22,639</u>

The amount reports as deferred outflows and inflows of resources related to OPEB will be recognized net of OPEB expense as follows:

**Year ending June 30,**

2023	\$ (5,458)
2024	(5,458)
2025	(5,458)
2026	(5,458)
2027	(5,458)
Thereafter	<u>(18,685)</u>
Totals	<u>\$ (45,975)</u>

**NOTE 17 TAX ABATEMENTS**

The City of Fairfield, Iowa has entered into certain tax abatement agreements to encourage urban renewal projects in designated areas. As a result, property tax revenues available to the Health Center were reduced by approximately \$5,900 and \$2,500 for the years ended June 30, 2022 and 2021, respectively, under the agreements entered into by the City.

**NOTE 18 OTHER RECEIVABLES**

The Health Center has recorded as other receivables amounts loaned to physicians. The loans are collateralized by insurance loan agreements on insurance policies owned by the physicians where the Health Center has been assigned an interest by an instrument of assignment filed with an insurance company. The loans will be repaid by proceeds of the life insurance policies in a future period which cannot be determined as of June 30, 2022.



**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 19 COVID-19 PROVIDER RELIEF FUNDS**

During the years ended June 30, 2022 and 2020 the Hospital received approximately \$2,287,000 and \$5,686,000 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS). The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to COVID-19 and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to COVID-19. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.

The funds are considered subsidies and recorded as a liability when received and are recognized as nonoperating revenues in the accompanying statements of revenues, expenses, and changes in net position as all terms and conditions are considered met. The terms and conditions are subject to interpretation and future clarification. In addition, this program is subject to oversight, monitoring and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

In addition to the CARES Act revenue received, the Hospital has received other COVID-19 relief funding. During the years ended June 30, 2022 and 2021, the Hospital recognized approximately \$2,350,000 and \$3,420,000, respectively, as COVID-10 Provider Relief Funding revenue, included as nonoperating activities on the statement of revenues, expenses, and changes in net position.

**NOTE 20 PAYCHECK PROTECTION PROGRAM LOAN**

During the year ended June 30, 2020 the Hospital was granted a \$4,084,600 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. During the year ended June 30, 2021, the Hospital repaid \$64,912 and was granted forgiveness of the remaining balance, including accrued interest expense of \$44,328, by the SBA. For the year ended June 30, 2021 the Hospital has recognized \$4,064,016 as COVID-19 Provider Relief Funding revenue, included as nonoperating activities on the statement of revenues, expenses, and changes in net position.

**Required Supplementary Information**

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION, BUDGET AND ACTUAL  
Year ended June 30, 2022**

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget for all funds following required public notice and hearings. The annual budget may be amended during the year utilizing similar statutorily-prescribed procedures. The Health Center prepares its annual budget on a basis (budget basis) which differs from generally accepted accounting principles (GAAP basis). The major difference between budget and GAAP bases is that IPERS pension contributions are recorded on the budget basis, while IPERS pension income/expense and OPEB expense is recorded on the GAAP basis.

The following is a comparison of actual expenditures to budget:

	<u>GAAP Basis</u>	<u>Budget Basis Adjustments</u>	<u>Budget Basis</u>	<u>County Hospital Budget</u>
Amount to be raised by taxation	\$ 900,701	\$ -	\$ 900,701	\$ 877,198
Other revenue/receipts	<u>59,325,508</u>	<u>523,792</u>	<u>59,849,300</u>	<u>58,865,194</u>
	60,226,209	523,792	60,750,001	59,742,392
Expenses/expenditures	<u>58,174,064</u>	<u>523,792</u>	<u>58,697,856</u>	<u>59,646,500</u>
Net	2,052,145	-	2,052,145	95,892
Balance, beginning	<u>24,752,231</u>	<u>-</u>	<u>24,752,231</u>	<u>21,991,733</u>
Balance, ending	<u>\$26,804,376</u>	<u>\$ -</u>	<u>\$26,804,376</u>	<u>\$22,087,625</u>

**Jefferson County Hospital**  
**d/b/a Jefferson County Health Center**  
**SCHEDULE OF CHANGES IN THE HEALTH CENTER'S NET OPEB LIABILITY, RELATED RATIOS AND NOTES**  
**Required Supplementary Information**

	<b>Year ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Service cost	\$ 21,194	\$ 19,364
Interest cost	4,305	4,511
Differences between expected and actual experience	(36,052)	5,014
Changes in assumptions or other inputs	(8,935)	(3,713)
Benefit payments	—	—
Net change in Net OPEB liability	(19,488)	25,176
Net OPEB liability, beginning of year	175,396	150,220
Net OPEB liability, end of year	\$ 155,908	\$ 175,396
Covered-employee payroll	\$17,187,836	\$17,894,910
Net OPEB liability as a percentage of covered-employee payroll	0.9%	1.0%

**Notes to Schedule**

Changes in benefit terms

There were no significant changes in benefit terms.

Changes in assumptions or other inputs

Changes in assumptions or other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period.

Year ended June 30, 2020	2.66%
Year ended June 30, 2021	2.19%
Year ended June 30, 2022	4.09%

**Jefferson County Hospital**  
**d/b/a Jefferson County Health Center**  
**SCHEDULE OF THE HEALTH CENTER'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY**  
**Iowa Public Employees' Retirement System**  
**(In Thousands)**  
**Required Supplementary Information**

	<b>June 30</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Health Center's net pension balance class	Liability	Liability	Liability	Liability	Liability
Health Center's proportion of the net pension asset/liability	(0.095528)%	0.226005%	0.221562%	0.224663%	0.207273%
Health Center's proportionate share of the net pension asset/liability	\$330	\$15,876	\$12,830	\$14,217	\$13,807
Health Center's total payroll	\$23,624	\$20,405	\$18,889	\$17,180	\$17,432
Health Center's proportionate share of the net pension asset/liability as a percentage of its total payroll	1%	78%	68%	83%	79%
Plan fiduciary net position as a percentage of the total pension asset/liability	101%	83%	85%	83%	82%

	<b>June 30</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net pension balance class	Liability	Liability	Liability
Health Center's proportion of the net pension asset/liability	0.184474%	0.166762%	0.138837%
Health Center's proportionate share of the net pension asset/liability	\$11,610	\$8,239	\$5,506
Health Center's total payroll	\$16,339	\$14,037	\$12,176
Health Center's proportionate share of the net pension asset/liability as a percentage of its total covered payroll	71%	59%	45%
Plan fiduciary net position as a percentage of the total pension asset/liability	81%	85%	88%

See accompanying notes to required supplementary information – net pension asset/liability.

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
SCHEDULE OF HEALTH CENTER PENSION CONTRIBUTIONS  
Iowa Public Employees' Retirement System  
(In Thousands)  
Required Supplementary Information**

	<b>Year ended June 30</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Statutorily required contribution	\$ 2,089	\$ 1,813	\$ 1,635	\$ 1,595	\$ 1,501
Contributions in relation to the statutorily required contribution	<u>2,089</u>	<u>1,813</u>	<u>1,635</u>	<u>1,595</u>	<u>1,501</u>
Contribution deficiency (excess)	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>
Health Center's total payroll	\$23,624	\$20,405	\$18,889	\$17,180	\$17,432
Contributions as a percentage of total payroll	8.8%	8.9%	8.7%	9.3%	8.6%

	<b>Year ended June 30</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Statutorily required contribution	\$ 1,386	\$ 1,187	\$ 1,063	\$ 841	\$ 728
Contributions in relation to the statutorily required contribution	<u>1,386</u>	<u>1,187</u>	<u>1,063</u>	<u>841</u>	<u>728</u>
Contribution deficiency (excess)	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>
Health Center's total payroll	\$16,339	\$14,037	\$12,176	\$9,554	\$8,625
Contributions as a percentage of total payroll	8.5%	8.5%	8.7%	8.8%	8.4%

See accompanying notes to required supplementary information – net pension asset/liability.

**Jefferson County Hospital**  
**d/b/a Jefferson County Health Center**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – NET PENSION ASSET/LIABILITY**  
**Year ended June 30, 2022**

**CHANGES OF BENEFIT TERMS**

There were no significant changes in benefit terms.

**CHANGES OF ASSUMPTIONS**

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased in inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

**Other Supplementary Information**



**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
ANALYSIS OF PATIENT RECEIVABLES**

<u>Age of accounts (by date of discharge)</u>	<u>Amounts</u>		<u>Percent to total</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
0 – 30 days (includes patients in Health Center at end of year)	\$ 7,729,661	\$ 7,632,060	68.8%	69.9%
31 – 60 days	1,394,423	1,220,675	12.4	11.2
61 – 90 days	593,208	532,000	5.3	4.9
Over 90 days	<u>1,523,859</u>	<u>1,536,309</u>	<u>13.5</u>	<u>14.0</u>
	<u>11,241,151</u>	<u>10,921,044</u>	<u>100.0%</u>	<u>100.0%</u>
Allowances				
Contractual				
Medicare	2,318,100	2,267,900		
Medicaid	528,800	444,200		
Commercial insurance	907,800	1,021,200		
Uncollectibles	555,400	425,700		
Physician Clinics	<u>69,900</u>	<u>76,000</u>		
Total allowances	<u>4,380,000</u>	<u>4,235,000</u>		
Totals	<u>\$ 6,861,151</u>	<u>\$ 6,686,044</u>		
Net patient service revenue per calendar day	<u>\$ 149,556</u>	<u>\$ 134,189</u>		
Days net patient service revenue in accounts receivable	<u>46</u>	<u>50</u>		

**ANALYSIS OF ALLOWANCE FOR UNCOLLECTIBLES**

	<u>Amounts</u>		<u>Percent of net patient service revenue</u>	
	<u>Year ended June 30</u>		<u>Year ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>BALANCE</b> , beginning	\$ 425,700	\$ 367,900		
<b>ADD</b>				
Provision for bad debts	575,102	553,486	1.1%	1.1%
<b>DEDUCT</b>				
Accounts written off	<u>(445,402)</u>	<u>(495,686)</u>	0.8%	1.0%
<b>BALANCE</b> , ending	<u>\$ 555,400</u>	<u>\$ 425,700</u>		

**Jefferson County Hospital**  
**d/b/a Jefferson County Health Center**  
**PATIENT SERVICE REVENUE**  
**Year ended June 30, 2022, with comparative totals for 2021**

	<b>2022</b>			<b>2021</b>
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>	<u>Total</u>
<b>DAILY PATIENT SERVICES</b>				
Medical and surgical	\$ 5,033,825	\$ –	\$ 5,033,825	\$ 4,406,204
Critical care unit	581,165	–	581,165	176,985
Swing bed	711,816	–	711,816	1,241,698
	<u>6,326,806</u>	<u>–</u>	<u>6,326,806</u>	<u>5,824,887</u>
<b>OTHER NURSING SERVICES</b>				
Operating and recovery rooms	1,777,725	10,007,203	11,784,928	11,830,736
Central supply	234,795	68,541	303,336	262,490
Emergency services	7,866	6,047,052	6,054,918	5,627,990
	<u>2,020,386</u>	<u>16,122,796</u>	<u>18,143,182</u>	<u>17,721,216</u>
<b>OTHER PROFESSIONAL SERVICES</b>				
Laboratory and blood bank	1,608,258	13,830,831	15,439,089	13,839,670
Electrocardiology	45,868	674,106	719,974	665,853
Radiology	203,526	3,662,239	3,865,765	3,976,826
CT scans	492,830	5,293,722	5,786,552	5,730,772
PET scans	–	161,694	161,694	–
Magnetic resonance imaging	161,913	3,025,548	3,187,461	2,817,914
Pharmacy	1,687,130	20,734,014	22,421,144	17,142,234
Anesthesiology	718,343	4,331,888	5,050,231	4,839,878
Respiratory therapy	722,150	473,975	1,196,125	798,466
Physical therapy	378,207	1,602,986	1,981,193	1,950,219
Speech therapy	36,341	237,924	274,265	152,346
Occupational therapy	224,897	383,544	608,441	646,947
Oncology	–	1,276,078	1,276,078	1,156,064
Medical arts	–	10,509,696	10,509,696	8,901,647
Physician clinic	–	1,450,457	1,450,457	1,210,796
Richland clinic	–	412,960	412,960	–
Sleep lab	–	847,980	847,980	724,292
Ophthalmology	–	790,182	790,182	671,172
GI clinic	–	–	–	334,790
Pediatrics	–	2,753	2,753	1,514
Rheumatology	–	298,400	298,400	282,055
	<u>6,279,463</u>	<u>70,000,977</u>	<u>76,280,440</u>	<u>65,843,455</u>
Totals	<u>\$14,626,655</u>	<u>\$86,123,773</u>	100,750,428	89,389,558
Charity care charges foregone, based on established rates			<u>(459,632)</u>	<u>(481,756)</u>
Total gross patient service revenue			100,290,796	88,907,802
Provisions for contractual and other adjustments			<u>(45,703,020)</u>	<u>(39,928,844)</u>
Net patient service revenue			<u>\$ 54,587,776</u>	<u>\$48,978,958</u>

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
PROVISIONS FOR CONTRACTUAL AND OTHER ADJUSTMENTS**

	<b>Year ended June 30</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Contractual adjustments		
Medicare	\$25,945,659	\$22,905,552
Medicaid	6,445,207	5,518,446
Wellmark	9,407,871	7,678,804
Provision for bad debts	575,102	553,486
Discounts and other adjustments	<u>3,329,181</u>	<u>3,272,556</u>
 Totals	 <u>\$45,703,020</u>	 <u>\$39,928,844</u>

**OTHER REVENUE**

	<b>Year ended June 30</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
340(b) program revenue	\$1,692,019	\$1,691,306
Employee and guest meals	202,255	171,065
Specialty clinics rent	67,307	88,975
Rental income, net	132,578	125,924
Miscellaneous, net	<u>230,956</u>	<u>208,495</u>
 Totals	 <u>\$2,325,115</u>	 <u>\$2,285,765</u>

**Jefferson County Hospital**  
**d/b/a Jefferson County Health Center**  
**EXPENSES**  
**Year ended June 30, 2022, with comparative totals for 2021**

	<b>2022</b>			<b>2021</b>
	<b>Salaries</b>	<b>Other</b>	<b>Total</b>	<b>Total</b>
<b>NURSING SERVICE</b>				
Administrative	\$ 342,672	\$ 29,849	\$ 372,521	\$ 357,208
Medical and surgical	2,659,678	2,009,576	4,669,254	3,355,529
Critical care unit	8,572	-	8,572	24,149
Operating and recovery rooms	1,193,474	1,521,217	2,714,691	2,581,069
Central supply	80,125	91,029	171,154	108,885
Emergency services	<u>1,222,932</u>	<u>2,872,504</u>	<u>4,095,436</u>	<u>3,247,213</u>
Total nursing service	<u>5,507,453</u>	<u>6,524,175</u>	<u>12,031,628</u>	<u>9,674,053</u>
<b>OTHER PROFESSIONAL SERVICE</b>				
Laboratory and blood bank	909,378	2,300,048	3,209,426	2,807,679
Electrocardiology	55,921	24,333	80,254	69,013
Radiology	784,216	772,353	1,556,569	1,685,434
CT scans	-	(7,565)	(7,565)	207,031
PET scans	-	54,645	54,645	-
Magnetic resonance imaging	-	231,781	231,781	223,539
Pharmacy	543,824	8,857,396	9,401,220	7,801,419
Anesthesiology	-	699,510	699,510	670,043
Ophthalmology	336,660	22,021	358,681	369,578
Respiratory therapy	251,138	56,170	307,308	280,961
Physical therapy	627,019	34,991	662,010	667,139
Speech therapy	104,700	1,437	106,137	89,640
Occupational therapy	229,401	3,219	232,620	237,793
Physicians clinic	1,694,017	34,704	1,728,721	1,239,650
Fairfield clinic	-	23,651	23,651	31,824
Richland clinic	249,238	138,492	387,730	19,218
Medical records	397,220	81,640	478,860	496,216
Quality assurance	364,099	13,962	378,061	397,866
Medical Arts	6,812,560	1,476,136	8,288,696	6,883,490
Sleep lab	133,122	28,362	161,484	138,382
Rheumatology	38,262	185,518	223,780	213,142
Oncology	372,230	868,224	1,240,454	1,100,298
GI Clinic	-	83	83	199,762
Dialysis	<u>10,972</u>	<u>8</u>	<u>10,980</u>	<u>18,735</u>
Total other professional service	<u>13,913,977</u>	<u>15,901,119</u>	<u>29,815,096</u>	<u>25,847,852</u>
<b>GENERAL SERVICE</b>				
Dietary	579,656	354,687	934,343	800,548
Plant operation and maintenance	497,600	1,357,837	1,855,437	1,559,146
Housekeeping	589,722	84,238	673,960	558,884
Laundry and linen	-	201,016	201,016	167,031
Total general service	<u>1,666,978</u>	<u>1,997,778</u>	<u>3,664,756</u>	<u>3,085,609</u>

**Jefferson County Hospital**  
**d/b/a Jefferson County Health Center**  
**EXPENSES (continued)**  
**Year ended June 30, 2022, with comparative totals for 2021**

	<b>2022</b>			<b>2021</b>
	<b>Salaries</b>	<b>Other</b>	<b>Total</b>	<b>Total</b>
<b>FISCAL AND ADMINISTRATIVE SERVICE</b>				
Administrative	726,489	207,920	934,409	846,585
Fiscal and accounting	969,161	940,210	1,909,371	1,868,545
Purchasing and stores	170,007	24,537	194,544	196,472
Public relations	82,943	91,681	174,624	121,082
Data processing	443,282	520,389	963,671	637,795
Human resources	143,229	30,424	173,653	166,034
<b>UNASSIGNED EXPENSES</b>				
Physician recruiting	-	140,837	140,837	129,816
Insurance	-	353,807	353,807	342,883
Employee benefits				
FICA	-	1,536,543	1,536,543	1,378,983
IPERS	-	(555,906)	(555,906)	3,080,630
Group health insurance	-	2,763,902	2,763,902	2,552,854
Group disability insurance	-	100,038	100,038	82,471
Workers' compensation	-	110,379	110,379	88,192
Other employee benefits	-	57,933	57,933	67,908
Total fiscal and administrative and unassigned expenses	<u>2,535,111</u>	<u>6,322,694</u>	<u>8,857,805</u>	<u>11,560,250</u>
<b>PROVISION FOR DEPRECIATION AND AMORTIZATION</b>				
	<u>-</u>	<u>3,804,779</u>	<u>3,804,779</u>	<u>3,976,034</u>
Total expenses	<u>\$23,623,519</u>	<u>\$34,550,545</u>	<u>\$58,174,064</u>	<u>\$54,143,798</u>

## Other Information

**Jefferson County Hospital**  
**d/b/a Jefferson County Health Center**  
**COMPARATIVE STATISTICS, UTILIZATION AND OTHER INFORMATION**  
**(unaudited)**

		<b>Year ended June 30</b>		
		<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Staffed Beds</b>		25	25	25
<b>Patient Days</b>	Adult and pediatric	2,785	2,106	1,555
	Swing bed	1,011	1,885	1,790
<b>Admissions</b>	Adult and pediatric	666	563	481
	Swing bed	88	130	147
<b>Percent Occupancy</b>	Adult and pediatric	30.52%	23.08%	16.99%
<b>Outpatient Surgeries</b>		1,124	1,081	886
<b>Outpatient visits</b>		137,435	126,627	121,857
<b>Adopted County Budgets</b>				

<b>Purpose</b>	<b>Budget year June 30</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Ambulance	\$ 261,110	\$ 260,108	\$ 252,403	\$ 247,386
General	261,110	260,108	252,403	247,386
Insurance	-	-	-	-
FICA	370,648	371,838	380,982	386,941
IPERS	<u>256,004</u>	<u>256,826</u>	<u>263,141</u>	<u>267,257</u>
Total budget	<u>\$1,148,872</u>	<u>\$1,148,880</u>	<u>\$1,148,929</u>	<u>\$1,148,970</u>
Net Taxable Value (in thousands)	\$ 954,454	\$ 950,820	\$ 921,752	\$ 903,697

		<b>Year ended June 30</b>		
		<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Key Operating Ratios</b>	Net days revenue in accounts receivable	46	50	55
	Current ratio	2.80	3.60	2.12
	Debt service coverage ratio	1.09	3.40	1.87
	Ratio of operating expense to operating revenues	1.02	1.06	1.07
	Days cash on hand	108	136	164
<b>Investment Position</b>	Unrestricted cash and investments	<u>\$16,919,634</u>	<u>\$18,161,130</u>	<u>\$19,938,270</u>
	Cash operating expenses:			
	Total operating expenses	\$58,174,064	\$54,143,798	\$50,161,845
	Less: Depreciation and amortization	(3,804,779)	(3,976,034)	(3,966,266)
	IPERS and OPEB adjustments	<u>2,624,460</u>	<u>(1,290,583)</u>	<u>(1,625,314)</u>
		<u>\$56,993,745</u>	<u>\$48,877,181</u>	<u>\$44,570,265</u>
	Daily cash expenses	<u>\$ 156,147</u>	<u>\$ 133,910</u>	<u>\$ 121,777</u>
	Days cash on hand	<u>108</u>	<u>136</u>	<u>164</u>



**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**

To the Board of Trustees  
Jefferson County Hospital  
d/b/a Jefferson County Health Center  
Fairfield, Iowa

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 Jefferson County Hospital d/b/a Jefferson County Health Center, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Health Center's basic financial statements, and have issued our report thereon dated October 31, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Health Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health Center'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 Health Center's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



## **Report on Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the Health Center's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Health Center. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **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 Health Center'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 Health Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
October 31, 2022

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
SCHEDULE OF FINDINGS  
Year ended June 30, 2022**

**Part I—Findings Related to the Financial Statements**

No matters regarding significant deficiencies, material weaknesses or instances of noncompliance relative to the financial statements were reported.

**Part II—Findings Related to Required Statutory Reporting**

**22-II-A CERTIFIED BUDGET**

Based on a comparison of actual operating expenses with County Hospital budgeted basis expenditures, it appears the Health Center did not exceed its budget for the year ended June 30, 2022.

**22-II-B QUESTIONABLE EXPENDITURES**

No questionable expenditures of Health Center funds were noted.

**22-II-C TRAVEL EXPENSES**

No expenditures of Health Center money for travel expenses of spouses of Health Center officials and/or employees were noted.

**22-II-D BUSINESS TRANSACTIONS**

No business transactions were found between the Health Center and Health Center officials and/or employees.

**22-II-E BOARD MINUTES**

No transactions were found that we believe should have been approved in the Board minutes but were not.

**22-II-F DEPOSITS AND INVESTMENTS**

We noted no instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Health Center's investment policy.

**22-II-G RESTRICTED DONOR ACTIVITY**

No transactions were noted between the Hospital, Hospital officials, Hospital employees and restricted donors not in compliance with Chapter 68B of the Code of Iowa.