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JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
 "JACKSON PARISH HOSPITAL"
 FINANCIAL STATEMENTS
 AND
 INDEPENDENT AUDITORS' REPORT
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

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Independent Auditors' Report

Board of Commissioners
Jackson Parish Hospital Service District No. 1
("Jackson Parish Hospital")
Jonesboro, Louisiana

We have audited the accompanying general purpose financial statements of Jackson Parish Hospital Service District No. 1, for the years ended September 30, 1998, 1997 and 1996 listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-compliant; and
- the additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

The Hospital has omitted such disclosures. We do not provide assurance that the Hospital is or will be year 2000 ready, that the Hospital's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Hospital does business will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Jackson Parish Hospital Service District No. 1 at September 30, 1998, 1997 and 1996 and the results of operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Board of Commissioners
Jackson Parish Hospital
Page Two

In accordance with Government Auditing Standards, we have also issued a report dated February 17, 1999 on our consideration of Jackson Parish Hospital Service District's internal control structure on its compliance with laws and regulations.

Our audits were made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Jackson Parish Hospital Service District No. 1. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The accompanying financial statements have been prepared assuming Jackson Parish Hospital will *continue as a going concern*. As discussed in Note 24 to the financial statements, the District's significant operating loss, reduced cash flow, and significant amount of current debt raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 24. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.



Certified Public Accountants

February 17, 1999

**JACKSON PARISH HOSPITAL
BALANCE SHEETS - UNRESTRICTED FUND
SEPTEMBER 30, 1998, 1997 AND 1996**

	1998	1997	1996
ASSETS			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 322,093	\$ 121,384	\$ 45,446
Investments (Note 4)	1,521	1,450	633,677
Accounts receivable less estimated uncollectibles (Note 5)	819,574	1,035,404	1,008,776
Inventory	215,062	228,479	260,528
Prepaid expenses	<u>92,896</u>	<u>121,893</u>	<u>138,574</u>
Total current assets	1,451,146	1,508,610	2,087,001
 Assets whose use is limited (Note 6)	 7,394	 6,215	 45,496
Property, plant and equipment, less accumulated depreciation (Note 7)	<u>2,507,823</u>	<u>2,733,036</u>	<u>2,808,216</u>
 Total assets	 <u>\$ 3,966,363</u>	 <u>\$ 4,247,861</u>	 <u>\$ 4,940,713</u>
LIABILITIES AND FUND BALANCE			
Current liabilities:			
Accounts payable	\$ 1,806,102	\$ 1,583,655	\$ 1,250,775
Accrued expenses and withholdings payable (Note 8)	472,602	489,947	376,629
Due to third party reimbursement programs	903,079	242,187	586,109
Current installments of capital leases	45,332	48,893	43,886
Current installments of bonds payable	192,000	178,000	167,000
Current installments of notes payable	<u>140,277</u>	<u>200,722</u>	<u>-0-</u>
Total current liabilities	<u>3,559,392</u>	<u>2,743,404</u>	<u>2,424,399</u>
 Long-term debt:			
Capital leases (Note 11)	26,383	57,971	100,882
Bonds payable (Note 13)	-0-	192,000	370,000
Notes payable	-0-	72,900	-0-
Other liabilities	<u>1,755</u>	<u>1,755</u>	<u>1,756</u>
Total long-term debt	<u>28,138</u>	<u>324,626</u>	<u>472,638</u>
 Commitments and contingencies (Notes 20 and 21)	 -0-	 -0-	 -0-
 Fund balance	 <u>378,833</u>	 <u>1,179,831</u>	 <u>2,043,676</u>
 Total liabilities and fund balance	 <u>\$ 3,966,363</u>	 <u>\$ 4,247,861</u>	 <u>\$ 4,940,713</u>

See accompanying notes to financial statements.

JACKSON PARISH HOSPITAL
STATEMENTS OF OPERATIONS - UNRESTRICTED FUND
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	1998	1997	1996
Revenue:			
Net patient service revenue	\$ 6,843,681	\$ 9,196,643	\$ 7,891,142
Ad Valorem taxes (Note 17)	433,502	429,003	406,108
Grant revenue (Note 18)	-0-	25,000	50,714
Gain (loss) on sale of asset	-0-	(2,328)	876
Donations	-0-	13,230	-0-
Other	<u>232,066</u>	<u>70,659</u>	<u>71,506</u>
 Total revenue	 <u>7,509,249</u>	 <u>9,732,207</u>	 <u>8,420,346</u>
Expenses:			
Salaries and benefits	4,841,492	6,161,610	5,605,783
Medical supplies and drugs	686,729	750,320	839,400
Medical professional and consulting	265,255	316,277	768,373
Other expenses	1,254,388	1,348,521	1,660,391
Insurance	254,607	292,978	236,903
Retirement	46,506	75,004	74,801
Leases and rentals	146,894	173,688	205,554
Interest	47,851	68,792	58,534
Depreciation	344,154	366,000	296,480
Provision for bad debts	<u>442,071</u>	<u>1,047,924</u>	<u>884,927</u>
 Total expenses	 <u>8,329,947</u>	 <u>10,601,114</u>	 <u>10,631,146</u>
 Operating income (loss)	 (820,698)	 (868,907)	 (2,210,800)
Nonoperating income:			
Interest income	<u>19,700</u>	<u>5,062</u>	<u>95,453</u>
 Excess of revenues over expenses (expenses over revenues)	 <u>\$ (800,998)</u>	 <u>\$ (863,845)</u>	 <u>\$ (2,115,347)</u>

See accompanying notes to financial statements.

JACKSON PARISH HOSPITAL
 STATEMENTS OF CHANGES IN FUND BALANCE - UNRESTRICTED FUND
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

Balance, September 30, 1995	\$ 4,159,023
Excess of expenses over revenues for the year ended September 30, 1996	_(2,115,347)
Balance, September 30, 1996	2,043,676
Excess of expenses over revenues for the year ended September 30, 1997 (Restated - See Note 25)	_(863,845)
Balance, September 30, 1997	1,179,831
Excess of expenses over revenues for the year ended September 30, 1998	_(800,998)
Balance, September 30, 1998	\$ <u>378,833</u>
Composition of fund balance:	
Undesignated	\$ (2,610,614)
Designated	3,554
Contributed capital	_2,985,893
Total fund balance	\$ <u>378,833</u>

See accompanying notes to financial statements.

JACKSON PARISH HOSPITAL
STATEMENTS OF CASH FLOWS - UNRESTRICTED FUND
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Cash flows from operating activities:			
Operating income (loss)	\$ (820,698)	\$ (868,907)	\$ (2,210,800)
Interest expense considered capital financing activity	5,509	17,480	52,376
Interest expense paid	42,342	51,312	-0-
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain (loss) on sale of asset	-0-	2,328	(876)
Depreciation	344,154	366,000	296,480
Provision for bad debt	442,071	1,047,924	884,927
(Increase) decrease in:			
Accounts receivable (net)	(226,241)	(1,074,552)	(212,599)
Investments	(71)	-0-	-0-
Inventory	13,417	32,049	(17,016)
Prepaid expenses	28,997	16,681	5,959
Assets whose use is limited	(1,179)	39,281	529,680
Increase (decrease) in:			
Accounts payable	222,447	332,880	817,237
Accrued expenses and withholdings payable	(17,345)	113,317	66,928
Third-party payor settlements	<u>660,892</u>	<u>(343,922)</u>	<u>(356,711)</u>
Net cash provided (used) by operating activities	<u>694,295</u>	<u>(268,129)</u>	<u>(144,415)</u>
Cash flows from investing activities:			
Proceeds from investment	-0-	632,227	566,323
Investment income	<u>19,700</u>	<u>5,062</u>	<u>95,453</u>
Net cash provided by investing activities	\$ <u>19,700</u>	\$ <u>637,289</u>	\$ <u>661,776</u>

See accompanying notes to financial statements.

JACKSON PARISH HOSPITAL
STATEMENTS OF CASH FLOWS - UNRESTRICTED FUND (Continued)
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of equipment	\$ -0-	\$ 3,500	\$ 876
Acquisition of capital assets	(118,941)	(296,648)	(1,300,355)
Payments on leases	(35,149)	(37,904)	(44,258)
Interest expense on leases	<u>(5,509)</u>	<u>(9,049)</u>	<u>(10,867)</u>
Net cash provided (used) by capital and related financing activities	<u>(159,599)</u>	<u>(340,101)</u>	<u>(1,354,604)</u>
Cash flows from financing activities:			
Bond payments	(178,000)	(167,000)	(155,000)
Interest on bond payments	(12,765)	(42,263)	(41,509)
Interest expense on notes payable	(29,577)	(17,480)	-0-
Proceeds of notes payable	48,638	349,582	-0-
Notes payable payments	<u>(181,983)</u>	<u>(75,960)</u>	<u>-0-</u>
Net cash provided by financing activities	<u>(353,687)</u>	<u>46,879</u>	<u>(196,509)</u>
Net increase (decrease) in cash and cash equivalents	200,709	75,938	(1,033,752)
Cash and cash equivalents, beginning of year	<u>121,384</u>	<u>45,446</u>	<u>1,079,198</u>
Cash and cash equivalents, end of year	<u>\$ 322,093</u>	<u>\$ 121,384</u>	<u>\$ 45,446</u>
Supplemental disclosures of information:			
Cash paid during the year for interest	<u>\$ 47,851</u>	<u>\$ 68,792</u>	<u>\$ 59,017</u>
Capital lease obligations incurred in conjunction with equipment lease acquisitions	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 83,579</u>

See accompanying notes to financial statements.

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

The Jackson Parish Hospital Service District No. 1 (referred to herein as "Jackson Parish Hospital" or the "District") was organized under the Louisiana Revised Statutes of 1950. The District's area includes all of Jackson Parish, Louisiana.

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

Nature of Business

The District consists of a 25-bed acute-care hospital, a 24-bed psychiatric unit and a parish ambulance service, located in Jonesboro, Louisiana. Additionally, the District provides home health, emergency, outpatient, and clinic services.

Changes in Reporting Classification

The classification of certain prior year amounts have been changed to reflect consistent reporting when compared to current year balances. The financial statement format has been changed to reflect changes in the AICPA Audit and Accounting Guide - Health Care Organizations, issued June 1, 1996.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Financial Reporting Entity

The accompanying Financial Statements of the District present the financial position and changes in fund balance for the enterprise fund. The results of operations and cash flow are also presented for the enterprise fund.

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Proprietary Fund Type

The operating accounts of the District are organized into one proprietary fund type. The operation of the proprietary fund is accounted for by providing a set of self-balancing accounts which are comprised of assets, liabilities, fund balance, revenues and expenses.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Method of Accounting

Hospital accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the Louisiana Governmental Audit Guide, the AICPA Audit and Accounting Guide - Health Care Organizations, and standards set by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Charity Care

The District 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 District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Income Taxes

The entity is a political subdivision and exempt from taxation.

Credit Risk

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

The District's estimate of collectibility is based on an evaluation of historical collections compared to gross revenues to establish an allowance for uncollectible accounts.

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Inventory

Inventories are stated at the lower of cost or market value. Cost is determined by the first-in, first-out method.

Statement of Revenue and Expenses

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as nonoperating.

Property, Plant and Equipment

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

Buildings	25 to 40 years
Machinery and Equipment	5 to 20 years
Furniture and Fixtures	5 to 15 years

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

The cost of assets retired or otherwise disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently.

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of deposits in checking accounts, savings accounts, and certificates of deposits with original maturities of 90 days or less. The market value for all cash, savings and certificates of deposit are not materially different from the carrying values. The following is a summary of cash and cash equivalents:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Checking and Savings	\$ <u>322,093</u>	\$ <u>121,384</u>	\$ <u>45,446</u>

All deposits are covered by federal deposit insurance or collateral held by the pledging financial institution's trust departments in the District's name.

NOTE 4 - INVESTMENTS

The District considers certificates of deposit with original maturities in excess of 90 days to be temporary cash investments.

NOTE 5 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Patients	\$ 1,276,687	\$ 2,275,740	\$ 1,412,776
Other receivables	<u>-0-</u>	<u>8,992</u>	<u>-0-</u>
	1,276,687	2,284,732	1,412,776
Estimated uncollectibles	<u>(457,113)</u>	<u>(1,249,328)</u>	<u>(404,000)</u>
Total	\$ <u>819,574</u>	\$ <u>1,035,404</u>	\$ <u>1,008,776</u>

The District generates a substantial portion of its charges from the Medicare and Medicaid programs at discounted rates. A summary of gross Medicare and Medicaid charges for the year ended September 30, 1998, 1997 and 1996 follows:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Medicare patients	\$ 5,109,872	\$ 7,810,227	\$ 6,989,964
Medicaid patients	<u>1,874,448</u>	<u>2,954,665</u>	<u>3,508,763</u>
Total	\$ <u>6,984,320</u>	\$ <u>10,764,892</u>	\$ <u>10,498,727</u>
Percent of all patients	<u>66%</u>	<u>69%</u>	<u>74%</u>

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 5 - ACCOUNTS RECEIVABLE (Continued)

Since the District serves a disproportionate share of low-income patients, it qualifies for Medicaid Disproportionate Share (DSH) reimbursement. Medicaid Disproportionate Share (DSH) reimbursement of \$646,609, \$570,966, and \$462,532 was included in income for 1998, 1997 and 1996, respectively.

NOTE 6 - ASSETS WHOSE USE IS LIMITED

Assets whose use is limited includes cash set aside by the Board of Commissioners for the purchase of capital assets and to satisfy deposit requirements on long-term debt.

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Funded depreciation	\$ 3,608	\$ 3,458	\$ 33,146
Bond ordinance	3,786	2,757	4,604
Other	<u>-0-</u>	<u>-0-</u>	<u>7,746</u>
	<u>\$ 7,394</u>	<u>\$ 6,215</u>	<u>\$ 45,496</u>

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation for the year ended September 30, 1998, 1997 and 1996.

	September 30, <u>1997</u>	<u>ASSET COST</u>		September 30, <u>1998</u>
		<u>Additions</u>	<u>Deletions</u>	
Land	\$ 22,400	\$ -0-	\$ -0-	\$ 22,400
Land improvements	174,685	-0-	-0-	174,685
Buildings and fixed equipment	4,432,854	29,904	-0-	4,462,758
Major moveable equipment	3,129,597	52,057	1,529	3,180,125
Construction in progress	<u>-0-</u>	<u>36,980</u>	<u>-0-</u>	<u>36,980</u>
Total	<u>\$ 7,759,536</u>	<u>\$ 118,941</u>	<u>\$ 1,529</u>	<u>\$ 7,876,948</u>

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	September 30, 1997	ACCUMULATED DEPRECIATION		September 30, 1998
		Additions	Deletions	
Land improvements	\$ 131,980	\$ 8,734	\$ -0-	\$ 140,714
Buildings and fixed equipment	2,372,251	126,320	-0-	2,498,571
Major moveable equipment	<u>2,522,269</u>	<u>209,100</u>	<u>1,529</u>	<u>2,729,840</u>
Total	\$ <u>5,026,500</u>	\$ <u>344,154</u>	\$ <u>1,529</u>	\$ <u>5,369,125</u>

	September 30, 1996	ASSET COST		September 30, 1997
		Additions	Deletions	
Land	\$ 22,400	\$ -0-	\$ -0-	\$ 22,400
Land improvements	174,685	-0-	-0-	174,685
Buildings and fixed equipment	3,501,336	931,518	-0-	4,432,854
Major moveable equipment	3,038,231	113,221	21,855	3,129,597
Construction in progress	<u>748,091</u>	<u>-0-</u>	<u>748,091</u>	<u>-0-</u>
Total	\$ <u>7,484,743</u>	\$ <u>1,044,739</u>	\$ <u>769,946</u>	\$ <u>7,759,536</u>

	September 30, 1996	ACCUMULATED DEPRECIATION		September 30, 1997
		Additions	Deletions	
Land improvements	\$ 123,246	\$ 8,734	\$ -0-	\$ 131,980
Buildings and fixed equipment	2,248,589	123,662	-0-	2,372,251
Major moveable equipment	<u>2,304,692</u>	<u>233,604</u>	<u>16,027</u>	<u>2,522,269</u>
Total	\$ <u>4,676,527</u>	\$ <u>366,000</u>	\$ <u>16,027</u>	\$ <u>5,026,500</u>

	September 30, 1995	ASSET COST		September 30, 1996
		Additions	Deletions	
Land	\$ 22,400	\$ -0-	\$ -0-	\$ 22,400
Land improvements	171,935	2,750	-0-	174,685
Buildings and fixed equipment	3,187,662	313,674	-0-	3,501,336
Major moveable equipment	2,731,425	362,219	55,413	3,038,231
Construction in progress	<u>42,800</u>	<u>705,291</u>	<u>-0-</u>	<u>748,091</u>
Total	\$ <u>6,156,222</u>	\$ <u>1,383,934</u>	\$ <u>55,413</u>	\$ <u>7,484,743</u>

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	September 30, <u>1995</u>	ACCUMULATED DEPRECIATION		September 30, <u>1996</u>
		<u>Additions</u>	<u>Deletions</u>	
Land improvements	\$ 114,623	\$ 8,623	\$ -0-	\$ 123,246
Buildings and fixed equipment	2,181,706	66,883	-0-	2,248,589
Major moveable equipment	<u>2,139,131</u>	<u>220,974</u>	<u>55,413</u>	<u>2,304,692</u>
Total	\$ <u>4,435,460</u>	\$ <u>296,480</u>	\$ <u>55,413</u>	\$ <u>4,676,527</u>

Property, plant and equipment includes fully depreciated assets which are still in service in the amount of \$3,451,419 for 1998.

These assets were obtained in part with funds from a Hill-Burton program grant of \$907,482. The Hill-Burton program has the ability to recapture a portion of that grant should the facility be taken out of service or if used by an unqualified recipient.

NOTE 8 - ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE

Accrued expenses and withholdings payable at September 30, 1998, 1997 and 1996 consist of the following:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Liability for incurred but unreported claims	\$ 18,027	\$ 11,327	\$ 11,327
Accrued interest payable	5,411	7,679	4,259
Accrued salaries and fees payable	193,984	217,658	231,030
Accrued compensated absences	211,239	148,937	103,843
Payroll withholdings payable	<u>43,941</u>	<u>104,346</u>	<u>26,170</u>
Total	\$ <u>472,602</u>	\$ <u>489,947</u>	\$ <u>376,629</u>

NOTE 9 - COMPENSATED ABSENCES

Employees of the District are entitled to paid vacation and holiday days. Sick days are not vested and, accordingly, no liability has been recorded in the accompanying financial statements. However, vested vacation and holiday days off have been recorded as a liability in the accompanying financial statements at employee earning rates in effect at the balance sheet date.

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 10 - PENSION PLAN

The District sponsors a 403(b) plan for District employees. Each employee is eligible to participate in the plan immediately after completion of a 90 day probationary period, provided that the employee is at least 25 years of age. Once the employee has been employed full-time for two years, the District will begin matching 3% of the first 3% of the employees' compensation that is contributed as a salary reduction contribution. Employees may contribute an additional 7% which the District does not match. The District contributed \$29,514 and \$39,503 and employees contributed \$36,777 in 1996.

Effective March 1, 1996, the District adopted a new defined contribution plan, The Variable Life Insurance Company (VALIC) Prototype Combined Profit Sharing/Money Purchase Plan Basic Document and Adoption Agreement #001 named "Jackson Parish Hospital Retirement Plan" (The Plan). The Plan administrator is the Human Resource Director. Eligibility requirements are one year of employment and attained age of 21. Vesting is 25% per year for years of service 2-5. The plan's coverage includes death, disability and retirement benefits. The District may amend the Plan at any time at its sole discretion. However, no amendment may result in any participant's vested interest or any portion of the Plan's assets to revert back to the District. The District contributes 1% for all eligible employees. It will match up to 3% of employee salaries, if the employee also contributes 3%. Employees contributed \$119,999, \$134,234 and \$70,907 and the employer contributed \$63,333, \$75,177 and \$45,287 in 1998, 1997 and 1996, respectively.

NOTE 11 - CAPITAL LEASES

The District leases various equipment under capital leases expiring in various years through 2001. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or fair value of the asset. The assets are depreciated over their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

The following is a summary of property held under capital leases:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Total equipment under capital lease	\$ 197,547	\$ 197,547	\$ 222,478
Less: accumulated depreciation	<u>166,416</u>	<u>114,729</u>	<u>96,475</u>
Net assets under capital leases	<u>\$ 31,131</u>	<u>\$ 82,818</u>	<u>\$ 126,003</u>

JACKSON PARISH HOSPITAL
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 11 - CAPITAL LEASES (Continued)

Minimum future lease payments under capital leases as of September 30, 1998 for each of the next four years and in aggregate are:

<u>Year</u>	<u>Amount</u>
1999	\$ 50,959
2000	20,670
2001	4,680
2002	<u>-0-</u>
Total minimum lease payments	76,309
Less amount representing interest	<u>4,594</u>
Present value of minimum lease payments	71,715
Less current maturities	<u>45,332</u>
 Long-term maturities	 \$ <u>26,383</u>

Interest rates on capital leases vary from 5% to 17% and are imputed on the lessor's implicit rate of return.

NOTE 12 - OPERATING LEASES

The District leases various equipment and a building under operating leases expiring in various years through 2001.

Certain operating leases provide for renewal options for an indefinite period at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases.

NOTE 13 - BONDS PAYABLE

The District holds certificates of indebtedness in the amount of \$192,000 with a 6.9% rate of interest. The Series 1992 bonds are secured by a pledge of ad valorem taxes set at 7.5 mills to be levied on taxable property from 1989 through 1998.

A table of total debt service requirements follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 1, 1999	\$ <u>192,000</u>	\$ <u>6,624</u>	\$ <u>198,624</u>

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 14 - NET PATIENT SERVICE REVENUE

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain outpatient services related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after *submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary*. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. Home health is reimbursed based upon a cost reimbursement methodology which is subject to limits on a cost per visit basis. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 1995.

Medicaid - Medicaid inpatient services are reimbursed based on a prospectively determined per diem rate. Medicaid outpatient services are reimbursed under a cost reimbursement methodology. The District is reimbursed at a tentative rate for cost based services with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 1994.

Blue Cross - Inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retroactive adjustment.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

NOTE 15 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide medical professional liability coverage to health care providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of settlement for professional liability to \$500,000 per occurrence.

JACKSON PARISH HOSPITAL
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 15 - PROFESSIONAL LIABILITY RISK (Continued)

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

The Trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals. The District has included these allocations of equity in the trust in its financial statements. Equity reported by the Fund in the amounts of \$22,257, \$7,240 and \$13,752 were reported by the District for the years ended September 30, 1998, 1997 and 1996. These amounts were included as prepaid insurance and as reductions of insurance expense.

NOTE 16 - BUSINESS AND CREDIT CONCENTRATIONS

The District grants credit to patients, substantially all of whom are local residents, under terms requiring timely repayment. The District generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, and commercial insurance policies).

The mix of gross receivables from patients and third-party payors at September 30 was as follows:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Medicare and Medicaid	70%	71%	84%
Commercial Insurance	17%	8%	10%
Patients	13%	21%	6%

NOTE 17 - AD VALOREM TAXES

The District receives revenues from a 7.72 mill and a 2.98 mill ad valorem tax that began in January 1990 and will continue through 1999. The taxes received from the 7.72 mill tax are for maintenance, operations, and capital improvements of the Hospital, but are pledged as part of the Series 1992 Bond issue. The 2.98 mill tax is to be used for maintenance and operation of the Jackson Parish Ambulance Service.

NOTE 18 - GRANT REVENUE

The District was awarded \$25,000 and \$50,714 grants from the State of Louisiana during 1997 and 1996 for emergency services. The grant is given to assist rural hospitals in providing emergency services. The grant is dependent upon available funds and is therefore not guaranteed for future years.

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 19 - CHARITY CARE

The District has a policy of providing charity care to indigent patients in emergency situations. For the reporting periods, the only charity care which can be identified is that which qualified as Hill Burton eligible. The foregone charges, based on established rates, of the identified free care is as follows:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Charges	\$ <u>77,428</u>	\$ <u>197,911</u>	\$ <u>476,771</u>
Estimated Cost	\$ <u>61,091</u>	\$ <u>160,229</u>	\$ <u>548,217</u>

NOTE 20 - COMMITMENTS

The District has entered into employment contracts with five physicians as of September 30, 1998. These physicians work in hospital clinics and the emergency room. Total annual salaries under these contracts are approximately \$794,000.

NOTE 21 - CONTINGENCIES

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

The principal contingencies are described below:

Third Party Cost-Based Charges - The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

Further, in order to continue receiving reimbursement from the Medicare program, the District entered into an agreement with a government agent allowing the agent access to the District's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the District. The amount of such adjustments cannot reasonably be determined.

Professional Liability Risk (Note 15) - The District is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 21 - CONTINGENCIES (Continued)

Workmen's Compensation Risk - The District participated in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund in 1997 and 1996. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the District is contingently liable for assessments by the Louisiana Hospital Association Trust Fund. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals. The District has included these allocations of equity in the trust in its financial statements. Equity reported by the Fund in the amount of \$18,715, \$6,635 and \$2,591 were reported by the District for the years ended September 30, 1998, 1997 and 1996. These amounts were included as prepaid insurance and as a reduction of insurance expense for the years ended September 30, 1997 and 1996.

Hill-Burton Uncompensated Service and Community Service Obligations - As a result of the Police Jury receiving a federal Hill-Burton program grant, the District is required to provide a reasonable volume of uncompensated services to patients who are unable to pay for their medical care. As of September 30, 1998, the District had a deficit in the level of free care provided. This deficit must be reduced through providing uncompensated services to indigent patients in fiscal year 1999 and subsequent years. Uncompensated care must be provided by the District through its fiscal year ended September 30, 1998, (20 years from the date of the grant). Additionally, the grant requires the District to provide certain community services. As of September 30, 1998, the District had not received notification that it had fulfilled all the uncompensated care requirements.

Medical Benefits Trust - The Hospital maintains a medical benefits trust. The District contributes \$99 per employee per month and the employee contributes the balance of any premium required to cover the health benefits cost of the employees. All full time employees are eligible to participate. The trust pays all claims from funds provided from the District. The trust agreement provides that should it not have sufficient funds to cover its obligations, the District is obligated to fund the shortfall. The District purchases "excess" insurance coverage that provides for payment of individual claims in excess of \$15,000 or aggregate annual claims in excess of \$162,680. The District had a liability for incurred but not reported claims of \$18,027, \$11,327 and \$11,327 at September 30, 1998, 1997 and 1996 respectively.

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

Year 2000 Computer Conversion - The District's management is aware that many older computer systems are unable to handle dates on or after January 1, 2000, causing existing equipment and software to be obsolete. The District's management is addressing the need and cost for upgrades and/or replacements with department heads and vendors. The cost of upgrades and/or replacements for all other computer hardware or software can not be reasonably estimated at this time.

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 21 - CONTINGENCIES (Continued)

Environmental Liability - The District's management has determined, that as a potentially responsible party, it is likely that it has incurred a liability for environmental remediation costs resulting from an underground fuel tank . Although no claim against the District has yet been asserted, it is expected that such a claim will be brought against the District in the future.

NOTE 22 - LITIGATION

The District is a defendant in a lawsuit by one of its vendors for alleged breach of contract. The suit asks for actual damages for \$207,172 plus interest and attorney fees. The District has paid most of the actual claim with a balance due of \$54,000. An accrual was made for the balance due at September 30,1997 for \$65,246 in the accompanying financial statements. Management will attempt to seek an out of court settlement for the balance due. If the settlement offer is not accepted and the case goes to trial, the amount of the ultimate loss to the District, if any, may equal the amount of damages sought by the plaintiff.

NOTE 23 - SUBSEQUENT EVENTS

On November 3, 1998, the voters of Jackson Parish renewed the 8.0 mill tax for ten years for hospital maintenance and passed an additional 2.0 mill tax for ten years for hospital maintenance.

On January 1, 1999, the ambulance service separated from the Hospital Service District and created an Ambulance Service District.

NOTE 24 - GOING CONCERN ISSUE

The financial statements have been prepared on the assumption that the District is a going concern. The District has experienced substantial operating losses for the last three years. The District's significant operating losses during the last three years and its significantly reduced cash flow have contributed to the present going concern issue. Management has significantly reduced operating expenses during FY 1998. Various unprofitable services have been discontinued and Management is assessing the viability of other services.

NOTE 25 - PRIOR PERIOD ADJUSTMENT

FY 1997 financial statements have been restated to correct amounts due to the Medicare program under the Periodic Interim Payment (PIP) method of reimbursement. Receivables have been reduced by \$198,440 with a corresponding reduction in excess of revenues over expenses.

SUPPLEMENTAL INFORMATION

JACKSON PARISH HOSPITAL
 STATEMENTS OF PATIENT STATISTICS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Number of hospital patient days of care			
Medicare	2,386	2,561	2,038
Medicaid	419	281	394
Other	<u>536</u>	<u>419</u>	<u>306</u>
Total	<u>3,341</u>	<u>3,261</u>	<u>2,738</u>
Number of hospital patient discharges			
Medicare	380	516	386
Medicaid	85	92	85
Other	<u>69</u>	<u>117</u>	<u>106</u>
Total	<u>534</u>	<u>725</u>	<u>577</u>
Average length of patient stay			
Medicare	6.27	4.96	5.28
Medicaid	4.93	3.05	4.64
Other	7.77	3.58	2.89
All hospital patients	6.26	4.50	4.74
Psychiatric unit days of care			
Medicare	1,417	1,979	1,895
Medicaid	3,182	2,724	5,340
Other	<u>268</u>	<u>2,520</u>	<u>1,268</u>
Total	<u>4,867</u>	<u>7,223</u>	<u>8,503</u>
Psychiatric unit - discharges			
Medicare	123	132	84
Medicaid	301	393	249
Other	<u>21</u>	<u>31</u>	<u>97</u>
Total	<u>445</u>	<u>556</u>	<u>430</u>
Number of surgical cases	<u>155</u>	<u>245</u>	<u>134</u>
Number of emergency room visits	<u>5,264</u>	<u>5,467</u>	<u>5,723</u>
Home health visits	<u>10,639</u>	<u>27,861</u>	<u>28,079</u>

JACKSON PARISH HOSPITAL
 STATEMENTS OF NET PATIENT SERVICE REVENUE - UNRESTRICTED FUND
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Daily patient services:			
Adult and pediatric	\$ 619,731	\$ 730,539	\$ 539,386
Intensive care	-0-	-0-	-0-
PCAU room revenue	<u>1,764,699</u>	<u>2,506,218</u>	<u>2,902,238</u>
Total daily patient services	<u>2,384,430</u>	<u>3,236,757</u>	<u>3,441,624</u>
Other professional services:			
Operating room	262,611	386,998	138,022
Recovery room	4,223	13,596	6,393
Anesthesia	45,534	137,707	71,750
Radiology	778,877	908,437	862,121
Laboratory	706,658	1,500,603	1,931,112
Blood	41,658	33,970	18,509
IV therapy	679,861	653,205	687,163
Respiratory care	576,805	756,422	907,980
Physical therapy	-0-	-0-	165
EKG and EEG	127,252	140,592	101,150
Medical supply	374,229	758,292	292,052
Pharmacy	1,515,506	1,635,824	1,464,796
PCAU	70,307	83,577	2,626
Brain and wellness center	327,230	1,721,065	214,750
Emergency room	652,382	684,482	787,964
Ambulance	644,863	577,023	776,123
Home health	840,019	1,560,766	1,758,367
Clinic	<u>507,167</u>	<u>850,702</u>	<u>679,108</u>
Total other professional services	<u>8,155,182</u>	<u>12,403,261</u>	<u>10,700,151</u>
Gross patient service revenue	10,539,612	15,640,018	14,141,775
Deductions from revenue	<u>(3,695,931)</u>	<u>(6,443,375)</u>	<u>(6,250,633)</u>
Net patient service revenue	<u>\$ 6,843,681</u>	<u>\$ 9,196,643</u>	<u>\$ 7,891,142</u>

JACKSON PARISH HOSPITAL
 STATEMENTS OF DEDUCTIONS FROM REVENUE - UNRESTRICTED FUND
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Medicare and Medicaid contractual adjustments	\$ 4,067,481	\$ 6,659,177	\$ 6,059,488
Employee discounts	11,199	17,963	11,697
Hill-Burton uncompensated services	77,428	197,911	476,771
Other	186,432	139,290	165,209
Medicaid Disproportionate Share (Note 5)	<u>(646,609)</u>	<u>(570,966)</u>	<u>(462,532)</u>
 Total deductions from revenue	 <u>\$ 3,695,931</u>	 <u>\$ 6,443,375</u>	 <u>\$ 6,250,633</u>

JACKSON PARISH HOSPITAL
 STATEMENTS OF OTHER OPERATING REVENUE - UNRESTRICTED FUND
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Television	\$ 284	\$ 1,792	\$ 367
Meals sold to employees	20,250	18,370	23,527
Miscellaneous sales	91	601	1,341
Medical records	6,734	5,182	5,460
Rental income	33,543	12,000	12,067
Miscellaneous revenue	3,226	4,239	11,077
Purchase discounts	3,950	-0-	1,835
Vending revenue	3,346	3,538	2,763
Collection of bad debts	28,368	14,408	410
Refunds	122,372	-0-	-0-
Supplies and drugs sold to employees	<u>9,902</u>	<u>10,529</u>	<u>12,659</u>
 Total other operating revenue	 \$ <u>232,066</u>	 \$ <u>70,659</u>	 \$ <u>71,506</u>

JACKSON PARISH HOSPITAL
STATEMENTS OF EXPENSES - SALARIES AND BENEFITS
UNRESTRICTED FUND
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	1998	1997	1996
General and administrative	\$ 303,131	\$ 382,191	\$ 392,429
Housekeeping	106,422	104,328	111,515
Dietary and cafeteria	86,446	95,176	105,318
Laundry	-0-	-0-	-0-
Plant operations and maintenance	19,022	54,729	82,815
Nursing administration	133,871	20,101	84,957
Medical records	73,438	80,083	87,226
Nursing services	300,431	547,275	457,982
PCAU	724,470	789,139	852,955
Operating room	78,520	88,917	45,239
Anesthesiology	101,245	78,958	-0-
Radiology	122,167	128,417	135,011
Laboratory and blood	175,947	204,139	246,006
Respiratory therapy	70,795	81,442	88,955
Central supply	30,261	37,936	45,469
Pharmacy	76,381	81,858	101,133
Brain and wellness center	85,835	187,021	17,236
Emergency room	530,015	477,152	345,223
Ambulance	280,732	285,674	293,672
Clinics, POB	554,149	987,789	731,996
Home health	<u>350,162</u>	<u>658,009</u>	<u>634,357</u>
 Total salaries	 <u>4,203,440</u>	 <u>5,370,334</u>	 <u>4,859,494</u>
 FICA	 308,208	 333,501	 350,823
Hospital insurance	152,538	204,146	230,434
Workers' compensation insurance	92,410	177,071	143,246
Unemployment taxes	22,593	29,381	9,028
Other	<u>62,303</u>	<u>47,177</u>	<u>12,758</u>
 Total benefits	 <u>638,052</u>	 <u>791,276</u>	 <u>746,289</u>
 Total salaries and benefits	 <u>\$ 4,841,492</u>	 <u>\$ 6,161,610</u>	 <u>\$ 5,605,783</u>

JACKSON PARISH HOSPITAL
 STATEMENTS OF EXPENSES - MEDICAL SUPPLIES AND DRUGS
 UNRESTRICTED FUND
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Nursing services	\$ 55,154	\$ 47,900	\$ 44,605
PCAU	8,685	8,294	9,747
Operating room	12,042	44,998	26,103
Anesthesiology	-0-	1,123	185
Radiology	40,250	38,588	67,321
Laboratory and blood	150,922	194,188	156,894
Respiratory therapy	20,882	23,292	63,223
EKG and EEG	-0-	-0-	1,521
Central supply	17,829	40,260	32,976
Pharmacy	308,424	256,759	301,545
Brain and wellness center	1,090	137	1,319
Emergency room	16,299	31,698	33,795
Ambulance	19,458	18,344	16,415
Clinics	23,177	26,873	66,992
Home health	<u>12,517</u>	<u>17,866</u>	<u>16,759</u>
 Total medical supplies and drugs	 \$ <u>686,729</u>	 \$ <u>750,320</u>	 \$ <u>839,400</u>

JACKSON PARISH HOSPITAL
 STATEMENTS OF EXPENSES - MEDICAL, PROFESSIONAL AND CONSULTING SERVICES
 UNRESTRICTED FUND
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
PCAU	\$ 1,449	\$ 4,905	\$ 107,841
Anesthesiology	25,254	46,204	67,601
Radiology	67,245	60,966	103,175
Laboratory	68,053	53,451	109,188
Respiratory therapy	9,837	19,826	8,730
EKG and EEG	24,843	53,583	43,398
Emergency room	68,574	54,687	290,727
Home health	<u>-0-</u>	<u>22,655</u>	<u>37,713</u>
 Total professional fees	 \$ <u>265,255</u>	 \$ <u>316,277</u>	 \$ <u>768,373</u>

JACKSON PARISH HOSPITAL
 STATEMENTS OF EXPENSES - OTHER EXPENSES
 UNRESTRICTED FUND
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Service fees	\$ 301,234	\$ 283,953	\$ 393,724
Board per diem	-0-	6,060	8,400
Legal and accounting	39,716	52,961	33,061
Non medical supplies	211,084	242,487	378,949
Repairs and maintenance	182,246	135,557	190,835
Utilities	197,189	272,122	187,842
Telephone	107,030	117,884	93,704
Travel and education	69,369	102,952	110,735
Public relations	16,082	4,052	24,811
Scholarships	-0-	-0-	2,625
Licenses, dues, subscriptions	90,755	29,612	46,337
Medical evaluations	3,678	1,264	37,053
Recruitment	40	567	100,644
Other	<u>35,965</u>	<u>99,050</u>	<u>51,671</u>
 Total other	 <u>\$ 1,254,388</u>	 <u>\$ 1,348,521</u>	 <u>\$ 1,660,391</u>

JACKSON PARISH HOSPITAL
 STATEMENTS OF PER DIEM AND
 OTHER COMPENSATION PAID TO BOARD MEMBERS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	1998	1997	1996
Board Members:			
Mr. Johnnie Stevenson	\$ N/A	\$ 980	\$ 1,200
Ms. Mary Ellen Briehn	N/A	-0-	1,200
Mr. Prentice Norred	N/A	900	1,200
Mr. John Jackson	N/A	1,120	1,200
Ms. Barbara Johns	-0-	1,020	1,200
Mr. Sam Lamkin	N/A	1,020	1,200
Mr. George Cook	N/A	1,020	1,200
Ms. Fannie Williams	-0-	N/A	N/A
Mr. Harold Thomas	-0-	N/A	N/A
Mr. Kenneth Pardue	-0-	N/A	N/A
Mr. Larry Avery	<u>-0-</u>	<u>N/A</u>	<u>N/A</u>
Totals	<u>\$ -0-</u>	<u>\$ 6,060</u>	<u>\$ 8,400</u>

Marvin H. Easley, CPA
Bobby G. Lester, CPA
John S. Wells, CPA
Robert G. Miller, CPA
Paul A. Delaney, CPA

Paul G. Mathews, CPA

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Jackson Parish Hospital Service District No. 1
Jonesboro, Louisiana

We have audited the financial statements of the Jackson Parish Hospital Service District No. 1 (the District) for the years ended September 30, 1998, 1997 and 1996, and have issued our report thereon dated February 17, 1999, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical bulletin 98-1, Disclosures about Year 2000 Issues. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned

Board of Commissioners
Jackson Parish Hospital Service District No. 1
Jonesboro, Louisiana
Page Two

functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted certain matters involving internal control structure and its operation that we consider to be material weaknesses as defined above. The schedule that accompanies this letter summarizes our comments and suggestions regarding these matters.

This report is intended for the information of the Board of Commissioners, management and the office of the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Easley, Lester & Wells
Certified Public Accountants

February 17, 1999

JACKSON PARISH HOSPITAL
AUDITORS' COMMENTS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 1998

GENERAL

We noted that there was improvement and implementation of a number of the prior year conditions. However, we found that many comments and recommendations that were made in prior years had not been implemented.

These comments and recommendations are made to help the District improve its system of controls, remain in compliance with laws and regulations and to maximize reimbursements from governmental programs. We strongly recommend action be taken on the comments and recommendations to achieve these goals.

1997 and 1998 MATERIAL WEAKNESSES

1. Allowance for Doubtful Accounts Calculation

Condition: The in-house and discharged not final billed accounts are not included in the monthly analysis and calculation of the allowance for doubtful accounts. Accounts that have been written-off and sent to a collection agency remained on the general ledger subsidiary ledger.

Recommendation: Unbilled accounts should be included in bad debt calculations to obtain accurate results in the monthly allowance for doubtful accounts calculations. Also, all accounts that have been turned over to a collection agency should be removed from the general ledger subsidiary.

Response: Unbilled in-house and discharged not final billed accounts are now included in the monthly analysis and calculation of the allowance for doubtful accounts effective with the January 1998 closing. Due to the obsolete, unsophisticated patient accounting software from Data Systems currently being used on the AS400, accounts that have been written-off and sent to a collection agency still remain on the general ledger subsidiary ledger due to the inability to split the subsidiary ledger into two separate ledgers, one for current active accounts, and one for bad debt accounts. Through a two-phase process, bad debt accounts can be written off the system, but then the ability to monitor bad debt accounts and collection agencies would be severely crippled or not available at all. The hospital will consult with Data Systems to see what possibility there may be to modify the current software to accommodate the splitting of the one available general ledger subsidiary, or look into a possible system or software upgrade to accommodate this.

Resolution: Has been resolved.

2. Clinic Accounts Receivable

Condition: Clinic revenues were not fully recorded on the general ledger.

Recommendation: Monthly journal entries should be made to record clinic activity. Also, detail subsidiary ledgers should be maintained on clinic patients.

Response: As of February 1999, all physicians' revenues are recorded at gross. October, November, December, and January physicians' revenues have been adjusted to gross.

Resolution: Has been partially resolved.

JACKSON PARISH HOSPITAL
AUDITORS' COMMENTS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 1998

MATERIAL WEAKNESSES (Continued)

3. Physician Performance Controls

Condition: The hospital employed several new physicians during 1996 and 1997. These physicians were guaranteed certain salaries which were not contingent on meeting any performance standards.

Recommendation: We suggest that existing physician contracts be renegotiated to incorporate minimum performance standards. Additionally, we recommend that all new contracts with physicians include productivity and performance standards.

Response: All employed physician contracts will be renegotiated on their anniversary date to include minimum performance standards. All new physician contracts will also include productivity and performance standards. All physician contracts to be renewed will be renewed by July 31, 1999 adhering to all required regulations.

Resolution: Partially resolved. The contracts are being renegotiated as they are up for renewal.

4. Accounts Payable

Condition: Accounts payable were not accrued in a timely manner. There was a significant time lapse between the invoice date and posting date of vendor invoices.

Recommendation: Steps should be taken to insure that accruals are all inclusive and posted timely.

Response: The accounting department is now accruing accounts payable in a timely manner that reflects the appropriate period the expenditure was incurred or is expected to occur. The practice of holding invoices and not accruing or posting the expenditure until an approved purchase order has been received has been stopped. Invoices are now posted in the month they are received, and if necessary, the expenditure is accrued for the month that it relates to.

Resolution: Has been resolved.

5. Medical Denials

Condition: We noted that the Medicaid Program denied a large number of psychiatric unit claims during fiscal year 1997. At year end, the Medicare/Medicaid allowance for contractual adjustments includes approximately \$830,000 for uncollectible Medicaid psychiatric receivables. These accounts were written-off subsequent to September 30, 1997.

Recommendation: We suggest that admitting personnel determine the status of Medicaid eligibility for psychiatric patients prior to admission. If the length of stay is expected to exceed eligible days, approval should be obtained from the Medicaid program prior to admission.

Response: Since the addition of a "Medifax" card swipe machine that immediately verifies the patient's Medicaid eligibility status, a more detailed assessment of the Medicaid psychiatric patient is being documented and certs and any recerts, for additional approved days, are done and monitored to assist in discharge planning. Medicaid denials have been substantially reduced since fiscal year 1997. Management is aggressively working to assure that all psychiatric claims are free from denials.

Resolution: Has been partially resolved. Still experiencing some denials.

JACKSON PARISH HOSPITAL
AUDITORS' COMMENTS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 1998

MATERIAL WEAKNESSES (Continued)

6. Ambulance Purchase

Condition: The District purchased an ambulance during the year. No Board approval was noted in the Board minutes for the purchase. However, the lowest bid was accepted by the District.

Recommendation: All capital purchases in excess of \$10,000 need Board approval and documentation in the Board minutes.

Response: In the future, all capital purchases in excess of \$10,000 will be presented to the governing Board for approval and advertised for bids. Approvals will be documented in the Board minutes.

Resolution: Has been resolved.

1997 and 1998 - REPORTABLE CONDITIONS

1. Home Health Receivable

Condition: Home health accounts receivable are recorded at a net value on the balance sheet without detailing the allowances which reduced these receivables to net value.

Recommendation: Gross accounts receivable, allowance for doubtful accounts and contractual allowances should be shown separately in the financial statements between prior month balances, budget, etc.

Response: CFO and hospital accountant will resolve the Home Health recordings of gross accounts receivable, allowance for doubtful accounts, and contractual allowances. Adjustments will be reflected in the March 1999 financial statements.

Resolution: Has not been resolved.

2. PIP Payments

Condition: The Hospital is currently being paid PIP payments every two weeks by TriSpan for Medicare inpatient claims. In order to receive these payments, the Hospital must bill 85% of their claims within 30 days of discharge. In correspondence from TriSpan, JPH has been asked to improve their percentage to 85% or consideration will be given to removing JPH from the PIP Method of reimbursement. The removal of the District from the PIP Method of reimbursement would temporarily reduce cash flow to the Hospital.

Recommendation: The Hospital should bill all Medicare inpatient claims within 30 days of service.

Response: The Hospital is making every effort to assure that Medicare patients are billed within 30 days of service, however, a key component to that is physician compliance. Requests have been made to the physicians, penalties have been assessed on delinquent medical records, and progress has been made. Although these measures have been taken, there is still progress to be made.

Resolution: Has been resolved.

JACKSON PARISH HOSPITAL
AUDITORS' COMMENTS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 1998

REPORTABLE CONDITIONS (Continued)

3. Routine Revenues

Condition: Routine revenue has not been reconciled to medical records days.

Recommendation: Routine revenue should be tested to medical records days on a monthly basis. In addition, automatic room rates recording should be reviewed to insure room rates and general ledger recording are correct. This method could identify any data file problems that might occur during the year.

Response: As a recommendation, routine revenue will be tested to medical records days at the end of each month as part of monthly closing.

Resolution: Has not been resolved.

4. Capital Asset System

Condition: A lotus spreadsheet is being utilized to record and depreciate assets. However, with personnel turnover, the assets are not being depreciated consistently each year.

Recommendation: The District should consider purchasing a capital asset management program to insure consistency of recording depreciation.

Response: The Hospital will look into and consider the purchase of a stand alone asset depreciation program, however, cost is a major factor. Until a stand alone asset depreciation program can be purchased, the management duties of properly recording and depreciating assets has been assigned to the Hospital's general accountant, who currently has been with the Hospital for over one and a half years and has stabilized personnel turnover in this area.

Resolution: Has not been resolved.

5. Medicare Credit Balance Report

Condition: Credit balance reports that are being submitted to Medicare appear to be inaccurate. The last report sent indicated that there were no credit balances related to Medicare accounts. In reviewing the credit balance report, we noted that there were several patient accounts in the Medicare financial class that should have been included on this report.

Recommendation: Credit balance reporting to Medicare should be timely and include accurate information. Also, the monthly credit balance report should be reconciled to the aged trial balance to insure that all accounts with credit balances are coded to the correct financial class.

Response: This duty will be reassigned to the Business Office Manager to assure timeliness and accuracy.

Resolution: Has been resolved.

JACKSON PARISH HOSPITAL
AUDITORS' COMMENTS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 1998

REPORTABLE CONDITIONS (Continued)

6. Segregation of Duties

Condition: Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions.

Recommendations: We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes 1) separating transaction authorization from custody of related asset; 2) separating transaction recording from general ledger posting and maintenance; 3) separating operational responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

Response: It is not practicable or cost effective to achieve the total segregation of duties with the number of available employees. However, management will segregate wherever possible and supervise and review in the other areas.

Resolution: Has been partially resolved. Still has limited staff but supervises and reviews closely.

7. Filed Cost Report

Condition: The cost report for FY 1996 was prepared when there were only 78 adjusting journal entries. The final audited working trial balance includes 159.

Recommendation: An amended cost report should be filed which incorporates all adjusting journal entries.

Response: This report has been revised and will be submitted to the intermediary in the near future.

Resolution: Has been resolved.

8. Signature Cards

Condition: Signature cards at the bank still contain the former administrator's name.

Recommendation: Signature cards should be updated immediately upon termination or resignation of personnel responsible for signing checks.

Response: Signature cards at Jonesboro State Bank will be updated immediately upon termination or resignation of personnel responsible for signing checks.

Resolution: Has been resolved.

9. Consistency in Recording

Condition: Numerous reclassification entries were needed to correct the general ledger. Medical supply charges are not being consistently recorded.

Recommendation: All charges should be consistently reported to provide management with accurate financial statements to make informed financial decisions.

JACKSON PARISH HOSPITAL
AUDITORS' COMMENTS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 1998

REPORTABLE CONDITIONS (Continued)

9. Consistency in Recording (Continued)

Response: Condition will be resolved upon conversion of computer software to reflect one major medical supply revenue account with departmentalized subsidiaries to allow for information in revenue to budgeted comparisons. Changes will be reflected by the FYE September 30, 1999.

Resolution: Has not been resolved.

10. Health Insurance Liability

Condition: The District has a self insurance healthcare plan for its employees. The District's liability for incurred but unreported claims is not being adjusted monthly.

Recommendation: The District should request information from the plan trustee monthly to record incurred but unreported liabilities related to the self insurance healthcare plan.

Response: The current healthcare insurance coverage provided by the Hospital for its employees is now a fully insured plan.

Resolution: Has been resolved.

11. Medicare and Medicaid Logs

Condition: Medicare and Medicaid logs were not maintained during the year.

Recommendation: Medicare and Medicaid logs should be maintained to assist in the preparation of a more accurate cost report.

Response: CFO and Office Personnel are currently entering Medicare Log activity for the FYE September 30, 1998 and Logs will be maintained for the FYE September 30, 1999. The current CFO has and will always stress the importance of maintaining Payor Logs.

Resolution: Has not been resolved.

12. Accounts Receivable Reconciliation

Condition: The accounts receivable subsidiary ledger had not been reconciled to the general ledger for the year. A journal entry for \$878,894 had to be made to balance the general ledger to the subsidiary ledger.

Recommendation: The accounts receivable subsidiary ledger should be reconciled to the general ledger each month.

Response: The accounts receivable subsidiary ledger is currently being reconciled to the general ledger each month by the CFO

Resolution: Has been resolved

JACKSON PARISH HOSPITAL
AUDITORS' COMMENTS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 1998

REPORTABLE CONDITIONS (Continued)

13. Documentation for Travel Expenses

Condition: Two trips for a former administrator for a total of \$2,376 contained no receipt or explanation as to the purpose of the trip.

Recommendation: Documentation needs to be attached to the purchase order as to the purpose of the trips. Also, receipts and CPE certificates need to be maintained.

Response: All travel expenses will be reimbursed only if proper receipts are attached to support amounts claimed and if the nature or purpose of the travel expenses is documented or attached.

Resolution: Has been resolved.

14. Accounting Policies and Procedures Manual

Condition: No accounting policies and procedures manual exists.

Recommendation: A complete and current accounting policies and procedures manual and chart of accounts needs to be established and maintained.

Response: The Hospital will establish an Accounting Policies and Procedures Manual. The Hospital currently has an existing chart of accounts which will be totally revised to establish consistency in general ledger account numbers between and within departments. Plans are to have an Accounting Policies and Procedures Manual prepared by FYE September 30, 1999

Resolution: Has not been resolved.

JACKSON PARISH HOSPITAL
REPORTABLE NONCOMPLIANCES
YEAR ENDED SEPTEMBER 30, 1998

1997 and 1998 - REPORTABLE NONCOMPLIANCE

1. Board Per Diem

Condition: Again this year, board members are paid \$100 per month whether they attend a board meeting or not. This violated Louisiana Revised Statute 46:1053 C (2)(a) which specifies that each member may be paid "not less than twenty-five dollars nor more than forty dollars for each day of his attendance at the meetings of the commission, not to exceed twelve meetings per year payable out of the funds of the hospital service district."

Recommendation: The District should pay board members a maximum of \$40 dollars per meeting attended.

Response: As of the meeting on June 17, 1997, a motion to reduce Board Member's pay to \$40 per meeting, not to exceed twelve (12) meetings per year was made and carried. This was effective July 1, 1997.

Resolution: Has been resolved.

2. Capital Leases

Condition: In 1995, the Hospital had five capital leases which had no documentation in the board minutes of approval by the state bond commission. During 1996, the Hospital entered into two new capital leases. The Louisiana Revised Statutes require that any incurrence of debt over 90 days must be approved by the state bond commission if certain nonappropriation clauses are not met.

Recommendation: The Hospital should write the state bond commission (Sharon Perez, P. O. Box 44154, Baton Rouge, LA 70804 (504)342-0034) and request an expedited review and approval as soon as possible.

Response: All new applicable Capital Leases will be presented to the State Bond Commission for approval.

Resolution: Has not been resolved.

3. Corporate Compliance Plan

Condition: In an open letter to Medicare and Medicaid providers and in numerous public statements, the U. S. Health and Human Services Inspector General and others in her office have made it clear that such providers should (but are not required) establish corporate compliance programs.

The Office of Inspector General ("OIG") generally has taken the position that indifference (a failure to pro-actively maintain a system to avoid errors) that results in violations is similar to intentional violations and that lack of knowledge is not a defense. The OIG has stated that, when it finds a violation it will make every effort to enforce the maximum penalty when a corporate compliance plan is not in place. When such a plan is in place (and actually working in the daily operations as opposed to being a document "on a shelf"), it has stated that it will give consideration to the providers efforts to avoid violations.

JACKSON PARISH HOSPITAL
REPORTABLE NONCOMPLIANCES
YEAR ENDED SEPTEMBER 30, 1998

3. Corporate Compliance Plan (Continued)

The OIG recommends that such a plan include specifics in the following general areas.

1. Assignment of oversight responsibility to an individual high in the corporate structure.
2. Establishment of due care in the delegation of authority.
3. Conducting effective training and educational programs.
4. Utilization of monitoring and auditing to detect non-compliance.
5. Development of effective lines of communication for reporting of violations (including a hot line for anonymous reporting) and clarification of policy.
6. Enforcement of standards through well-publicized discipline guidelines and procedures.
7. Immediate and appropriate response to detected offenses and prevention of further offenses through systematic changes and corrective action initiatives.

Recommendation: Hospital management is active in formulating a Corporate Compliance Plan. A Compliance Officer and a Compliance Committee has been approved by the Hospital Board.

Response: At the January, 1998 governing Board meeting, the Hospital Board of Commissioners approved a Resolution authorizing the development and implementation of a compliance program. Each hospital departmental supervisor is currently preparing a plan pertinent to their department.

Resolution: Has not been resolved.

4. 1998 Budget

Condition: The District did not prepare an operating budget for the 1998 fiscal year.

Recommendation: A fiscal budget should be prepared in a timely manner.

Response: A full year fiscal operating budget was not prepared for the Hospital due to changes that were taking place in the management of the Hospital. These management and operational changes took several months to occur. However, the new management of the Hospital has prepared an operating budget and a capital budget for the final six months of the Hospital's current fiscal year that will be presented to the Hospital's Board of Commissioners for their consideration and approval at the March, 1998 Board meeting.

Resolution: Has been resolved.

JACKSON PARISH HOSPITAL
REPORTABLE NONCOMPLIANCES
YEAR ENDED SEPTEMBER 30, 1998

5. Payroll Deposits

Condition: The District did not make timely payroll deposits. At September 30, 1997, \$92,952 was owed for payroll taxes and withholdings. By not making deposits timely, the Internal Revenue Service and Louisiana Department of Revenue and Taxation could assess large penalties and interest.

Recommendation: Tax deposits should be made timely. Abatement of penalties should be requested.

Response: The CFO has corresponded with the Internal Revenue Service (IRS) and Louisiana Department of Revenue and Taxation. The IRS stated that they would not pursue penalties and interest at this time. The Louisiana Department of Revenue and Taxation has not responded regarding penalties and interest.

Resolution: Has been resolved.