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MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
FINANCIAL STATEMENTS,
INTERNAL CONTROL AND COMPLIANCE
YEAR ENDED DECEMBER 31, 1995
with
INDEPENDENT AUDITOR'S REPORTS

~~PARISH CLERK OF COURT~~

LSA-RS 24:516 provides that this report shall be available for public inspection for a period of not less than one year from the date of receipt.

Legislative Auditor

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
FINANCIAL STATEMENTS, INTERNAL CONTROL AND COMPLIANCE
YEAR ENDED DECEMBER 31, 1995**

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I. FINANCIAL STATEMENTS



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WE BRING EXCELLENCE AND INNOVATION TO THE EQUATION

INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL STATEMENTS

Board of Commissioners
Madison Parish Hospital Service District
Tallulah, Louisiana

We have audited the accompanying general purpose financial statements of Madison Parish Hospital Service District, Louisiana, a component unit of Madison Parish Police Jury as of and for the year ended December 31, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of Madison Parish Hospital Service District, Louisiana's, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Madison Parish Hospital Service District, Louisiana, as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 18, 1996 on our consideration of Madison Parish Hospital Service District's internal control structure and a report dated April 18, 1996 on its compliance with laws and regulations.

May + Company

Vicksburg, Mississippi
April 18, 1996

CHARTERED PUBLIC ACCOUNTANTS AND CONSULTANTS

110 MAGUIRE PLAZA • P.O. BOX 821568 • VICKSBURG, MISSISSIPPI 39182-1568 • TELEPHONE (601) 636-4762 • FAX (601) 636-9476

A Member Of Associated Accounting Firms International

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Total (Memorandum Only)</u>
\$	\$	\$ 772,729
		501,550
		38,603
61,000		61,000
3,233,416		3,233,416
1,201,667		1,201,667
	712,553	712,553
	<u>1,138,419</u>	<u>1,138,419</u>
<u>\$ 4,496,083</u>	<u>\$ 1,850,972</u>	<u>\$ 7,659,937</u>
\$	\$	\$ 16,981
		10,550
	1,700,000	1,700,000
	<u>150,972</u>	<u>150,972</u>
	<u>1,850,972</u>	<u>1,878,503</u>
4,496,083		4,496,083
		712,553
		<u>572,798</u>
<u>4,496,083</u>	<u>-</u>	<u>5,781,434</u>
<u>\$ 4,496,083</u>	<u>\$ 1,850,972</u>	<u>\$ 7,659,937</u>

**MADISON PARISH HOSPITAL SERVICE DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 1995**

	Governmental Fund Types			Total (Memorandum Only)
	General	Capital Project	Debt Service	
REVENUES:				
Taxes:				
Ad valorem taxes	\$ 131,700	\$	\$ 405,236	\$ 536,936
Sales taxes	379,178			379,178
Intergovernmental revenues:				
Federal funds-				
Appropriation from Madison Parish Police Jury	10,330			10,330
State funds-				
State revenue sharing	15,780			15,780
Charges for services	798,243			798,243
Interest	18,363	2,042	22,547	42,952
Total revenues	<u>1,353,594</u>	<u>2,042</u>	<u>427,783</u>	<u>1,783,419</u>
EXPENDITURES:				
Current operating:				
General government	114,625		11,975	126,600
Health and welfare	1,031,565			1,031,565
Capital outlay	16,793			16,793
Debt service:				
Principal retirement			235,000	235,000
Interest and fiscal charges			109,721	109,721
Total expenditures	<u>1,162,983</u>	<u>-</u>	<u>356,696</u>	<u>1,519,679</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>190,611</u>	<u>2,042</u>	<u>71,087</u>	<u>263,740</u>
OTHER FINANCING SOURCES AND (USES):				
Transfers in		15,000		15,000
Transfers out	(15,000)			(15,000)
Total other financing sources and (uses)	<u>(15,000)</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>175,611</u>	<u>17,042</u>	<u>71,087</u>	<u>263,740</u>
FUND BALANCES, January 1, 1995	<u>351,317</u>	<u>28,828</u>	<u>641,466</u>	<u>1,021,611</u>
FUND BALANCES, December 31, 1995	<u>\$ 526,928</u>	<u>\$ 45,870</u>	<u>\$ 712,553</u>	<u>\$ 1,285,351</u>

See accompanying notes to the financial statements.

**MADISON PARISH HOSPITAL SERVICE DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) - GENERAL FUND
YEAR ENDED DECEMBER 31, 1995**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Taxes			
Ad valorem taxes	\$ 96,000	\$ 114,765	\$ 18,765
Sales taxes	300,000	376,956	76,956
Intergovernmental revenues:			
Federal funds-			
Appropriation from Madison Parish Police Jury	10,000	10,330	330
State funds-			
State revenue sharing	15,000	15,756	756
Charges for services	769,855	798,243	28,388
Interest	8,800	18,348	9,548
Total revenues	<u>1,199,655</u>	<u>1,334,398</u>	<u>134,743</u>
EXPENDITURES:			
Current operating:			
General government	129,671	113,469	16,202
Health and welfare	1,008,749	1,031,565	(22,816)
Capital outlay	182,963	16,793	166,170
Total expenditures	<u>1,321,383</u>	<u>1,161,827</u>	<u>159,556</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(121,728)</u>	<u>172,571</u>	<u>294,299</u>
OTHER FINANCING SOURCES AND (USES):			
Transfers in		-	-
Transfers out		(15,000)	(15,000)
Total other financing sources and (uses)	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (121,728)</u>	<u>157,571</u>	<u>\$ 279,299</u>
FUND BALANCE, January 1, 1995		<u>351,317</u>	
FUND BALANCE (NON-GAAP), December 31, 1995		508,888	
ADJUSTMENT TO GAAP BASIS:			
Change in receivables		9,360	
Change in allowance for uncollectibles		6,852	
Change in deferred revenue		2,984	
Change in accounts payable		<u>(1,156)</u>	
FUND BALANCE (GAAP), December 31, 1995		<u>\$ 526,928</u>	

See accompanying notes to the financial statements.

**MADISON PARISH HOSPITAL SERVICE DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) - CAPITAL PROJECT FUND
 YEAR ENDED DECEMBER 31, 1995**

	<u>Capital Project Fund</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
REVENUES:			
Interest	\$ <u>1,000</u>	\$ <u>2,042</u>	\$ <u>1,042</u>
Total revenues	<u>1,000</u>	<u>2,042</u>	<u>1,042</u>
EXPENDITURES:			
Current operating:			
General government	_____	_____	_____
Total expenditures	_____	_____	_____
EXCESS OF REVENUES OVER EXPENDITURES	\$ <u>1,000</u>	<u>2,042</u>	\$ <u>1,042</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>15,000</u>	<u>15,000</u>	_____
Total other financing sources	<u>15,000</u>	<u>15,000</u>	_____
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ <u>16,000</u>	<u>17,042</u>	\$ <u>1,042</u>
FUND BALANCE, January 1, 1995		<u>28,828</u>	
FUND BALANCE, December 31, 1995		\$ <u>45,870</u>	
ADJUSTMENT TO GAAP BASIS:			
NONE			

See accompanying notes to the financial statements.

**MADISON PARISH HOSPITAL SERVICE DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) - DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 1995**

	<u>Debt Service Fund</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
REVENUES:			
Taxes-			
Ad valorem taxes	\$ 323,285	\$ 353,846	\$ 30,561
Interest	<u>16,000</u>	<u>21,876</u>	<u>5,876</u>
Total revenues	<u>339,285</u>	<u>375,722</u>	<u>36,437</u>
EXPENDITURES:			
Current operating-			
General government	11,000	11,100	(100)
Debt Service	<u>344,721</u>	<u>344,721</u>	<u>-</u>
Total expenditures	<u>355,721</u>	<u>355,821</u>	<u>(100)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	\$ <u>(16,436)</u>	<u>19,901</u>	\$ <u>36,337</u>
FUND BALANCE, January 1, 1995		<u>641,466</u>	
FUND BALANCE (NON-GAAP), December 31, 1995		661,367	
ADJUSTMENT TO GAAP BASIS:			
Change in receivable		21,705	
Change in allowance for uncollectible accounts		21,126	
Change in accounts payable		(875)	
Change in deferred revenue		<u>9,230</u>	
FUND BALANCE (GAAP), December 31, 1995		\$ <u>712,553</u>	

See accompanying notes to the financial statements.

MADISON PARISH HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1995

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Madison Parish Hospital Service District, Louisiana, is a component unit of the Madison Parish Police Jury. The component unit is an integral part of the reporting entity. The Service District receives sales taxes collected by the School Board and ad valorem taxes collected by the sheriff's department and turns them over to the Hospital for operating expenses. The Service District also services debt incurred by the Hospital for major construction through ad valorem tax levies.

The accounting policies of the Madison Parish Hospital Service District conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted Standard - Setting Body for establishing Governmental Accounting and Financial Reporting Principles. The following is a summary of the significant policies:

1. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Board of Commissioners of the Madison Parish Hospital Service District. Control by or dependence on the Service District was determined on the basis of budget adoption, taxing authority and authority to issue debt. No component units are to be included within this report.

2. Fund Accounting

The accounts of the Service District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. The Service District's revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable, available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations. The funds presented in the financial statements are described as follows:

Continued.....

MADISON PARISH HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED DECEMBER 31, 1995

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Fund Accounting - Continued

Governmental Funds

General Fund:

The General Fund is the general operating fund of the Service District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund:

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

3. Cash

Cash includes amounts in interest bearing demand deposits. Under state law, the Service District may deposit funds in demand deposits, interest bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana law or of any state of the United States, or under the laws of the United States.

Continued.....

MADISON PARISH HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED DECEMBER 31, 1995

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Fixed Assets and Long-Term Debt

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain or infrastructures are not capitalized as these assets are immovable and of value only to the Service District. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position, not with measurement of results of operations.

5. Basis of Accounting

The financial and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included in the balance sheet. Operating statements for these funds present increases and decreases in net current assets.

The Service District's records are maintained on a cash basis of accounting. However, the governmental funds reported in the accompanying financial statements have been converted to a modified accrual basis of accounting utilizing the following practices:

Revenues are recognized in the accounting period when susceptible to accrual (i.e., when they become both available and measurable). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes, which are measurable as the levies are made, are reflected as deferred revenue until

Continued.....

MADISON PARISH HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED DECEMBER 31, 1995

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Basis of Accounting - Continued

they become available. Taxpayer-assessed sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Interest earnings are recorded when the time deposits have matured and the income is available. This revenue is immaterial in relation to total revenue.

Expenditures are generally recognized under the modified accrual basis of accounting in the accounting period in which the fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which is recognized when due.

6. Budgetary Practices

The Service District utilizes the following budgetary practices:

- (a) The Service District budgets its general, capital projects and debt service funds.
- (b) Budgets are prepared on the cash basis of accounting.
- (c) Expenditures can legally exceed appropriations. Formal budgetary integration is employed as a management control device during the year.
- (d) Prior to adoption of the annual budgets, public hearings are advertised and held. In a public hearing the projected budget is adopted and then published. The Service District then votes to adopt the finalized budget.
- (e) Amendments to the annual budgets were voted on and adopted by the Service District in regularly scheduled meetings.
- (f) Budget appropriations lapse at year end.

The Service District does not utilize encumbrance accounting.

Continued.....

MADISON PARISH HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED DECEMBER 31, 1995

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Bad Debts

Uncollectible amounts due for ad valorem taxes are recognized as bad debts through the establishment of any allowance account at the time information becomes available which would indicate the uncollectability of the particular receivable.

8. Fund Equity

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

9. Total Columns on Combined Statements - Overview

Total columns of the statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B. RECEIVABLES

The receivables of the Service District are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Taxes:			
Ad valorem	\$ 124,887	\$ 370,387	\$ 495,274
Sales	28,892		28,892
Other governments	15,826		15,826
Interest	<u>218</u>	<u>671</u>	<u>889</u>
	169,823	371,058	540,881
Less-			
Allowance for uncollectible taxes	<u>13,052</u>	<u>26,279</u>	<u>39,331</u>
	<u>\$ 156,771</u>	<u>\$ 344,779</u>	<u>\$ 501,550</u>

Continued.....

**MADISON PARISH HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED DECEMBER 31, 1995**

NOTE C. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets is as follows:

	<u>Balance at January 1, 1995</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 1995</u>
Land	\$ 61,000	\$	\$	\$ 61,000
Buildings and improvements	3,227,509	5,907		3,233,416
Furniture and equipment	<u>1,190,781</u>	<u>10,886</u>		<u>1,201,667</u>
	<u>\$ 4,479,290</u>	<u>\$ 16,793</u>	<u>\$ -</u>	<u>\$ 4,496,083</u>

NOTE D. CHANGES IN GENERAL LONG-TERM DEBT

The detail of long-term debt transactions for the year ended December 31, 1995, is as follows:

<u>Description of Debt</u>	<u>Balance at January 1, 1995</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 1995</u>
General obligation refunding bonds, Series 1991 Interest rate: 5.8 - 6.3% Due: 3/01/01	\$ 1,935,000	\$	\$ 235,000	\$ 1,700,000
Capital lease Interest rate: 6.03% Due: 11/98	174,746		40,781	133,965
Capital lease Interest rate: 5.87% Due: 3/99	<u>21,621</u>		<u>4,614</u>	<u>17,007</u>
	<u>\$ 2,131,367</u>	<u>\$ -</u>	<u>\$ 280,395</u>	<u>\$ 1,850,972</u>

The bond issues were made to fund an addition and major renovations to the Hospital. As discussed in Note E, a parish-wide ad valorem tax has been levied to repay the bonds.

Continued.....

MADISON PARISH HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED DECEMBER 31, 1995

NOTE D. CHANGES IN GENERAL LONG-TERM DEBT - CONTINUED

The bonds are due, in total, by years, as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1996	\$ 255,000	\$ 95,570	\$ 350,570
1997	270,000	80,210	350,210
1998	285,000	63,695	348,695
1999	300,000	45,995	345,995
2000	325,000	26,770	351,770
2000-2001	<u>265,000</u>	<u>8,348</u>	<u>273,348</u>
	<u>\$ 1,700,000</u>	<u>\$ 320,588</u>	<u>\$ 2,020,588</u>

NOTE E. AD VALOREM TAXES

Parish-wide ad valorem taxes were levied for 1995 as follows:

Hospital Bond (debt service)	14 mills
Hospital maintenance	4.55 mills

Ad valorem taxes are budgeted in the year following assessments. Ad valorem taxes, which attach as an enforceable lien on property as of January 1st, are levied in September or October, become due on November 15th of each year and become delinquent on January 1st of the following year. The taxes are generally collected in December of the current year and January and February of the following year.

NOTE F. COMPENSATION PAID TO BOARD COMMISSIONERS

The compensation paid to the board commissioners consists of the following:

<u>Commissioner</u>	<u>Number of Meetings Attended</u>	<u>Annual Compensation</u>
L. H. Harris	12	\$ 480
Z. C. Wyche	12	480
A. L. Harvey	3	120
T. W. Bishop	6	240
B. Neumann	11	440
I. W. Jackson	6	<u>240</u>
		<u>\$ 2,000</u>

Continued.....

MADISON PARISH HOSPITAL SERVICE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 YEAR ENDED DECEMBER 31, 1995

NOTE G. LEASES

Operating Leases

Madison Parish Hospital Service District, Louisiana, is the lessor of the hospital building and all hospital furnishings, fixtures, equipment, appliances and supplies located within the building, to the Madison Hospital Association, Inc. This is an operating lease which expires February 28, 1997. Such leased property is to be used by lessee for the purposes of operating and maintaining a hospital and infirmary. No fee is charged on this lease.

During 1993, the Service District entered into a lease with the Madison Hospital Association, Inc. for utilization of an office building the Service District owns. This operating lease is for a term of five years, terminating in July, 1998. The building will be occupied by a medical doctor. The services, which will include emergency medical care and other services to the hospital rendered by the medical doctor, shall be in lieu of rent payment.

Capital Leases

The District is obligated under capital leases for two x-ray machines. The leased assets and related obligations are accounted for in the general fixed assets account group and the general long term debt account group, respectively. Assets under the capital lease totaled \$242,361 at December 31, 1995. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of December 31, 1995:

Year ending <u>December 31</u>	General Long Term Debt Account <u>Group</u>
1996	\$ 55,963
1997	55,963
1998	51,780
1999	<u>1,440</u>
Minimum lease payments	165,146
Less: Amount representing interest	<u>14,174</u>
Present value of future minimum lease payments	<u>\$150,972</u>

Continued.....

**MADISON PARISH HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED DECEMBER 31, 1995**

NOTE H. CASH

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1995, the district has \$773,468 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$1,062,812 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE I. EXPENDITURES - BUDGET AND ACTUAL

The following fund had actual expenditures over budgeted expenditures for the year ended December 31, 1995:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund-			
Health and Welfare	\$ 1,008,749	\$ 1,031,565	\$ 22,816
Debt Service Fund-			
General Government	\$ 11,000	\$ 11,100	\$ 100

II. INTERNAL CONTROL



May & Company

A Professional Association

WE BRING EXCELLENCE AND INNOVATION TO THE EQUATION

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Madison Parish Hospital Service District
Tallulah, Louisiana

We have audited the general purpose financial statements of Madison Parish Hospital Service District, Louisiana, a component unit of Madison Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated April 18, 1996.

We conducted our audit 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 general purpose financial statements are free of material misstatement.

The management of Madison Parish Hospital Service District, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Madison Parish Hospital Service District, Louisiana, for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Chartered Public Accountants and Consultants

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Board of Commissioners
Madison Parish Hospital Service District
Tallulah, Louisiana

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We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Presently all accounting functions are performed by the office bookkeeper which limits segregation of duties. Due to the size of the Service District it may not be cost effective to hire additional personnel. The Board of Commissioners is aware of the situation and will continue to monitor the transactions of the Service District.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is not a material weakness.

No management letter was issued.

This report is intended for the information of the management of the Madison Parish Hospital Service District and the Louisiana Legislative Auditor's office. However, this report is a matter of public record, and its distribution is not limited.

May + Company

Vicksburg, Mississippi
April 18, 1996

III. COMPLIANCE



May & Company

A PROFESSIONAL ASSOCIATION

WE BRING EXCELLENCE AND INNOVATION TO THE EQUATION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Madison Parish Hospital Service District
Tallulah, Louisiana

We have audited the general purpose financial statements of Madison Parish Hospital Service District, Louisiana, a component unit of Madison Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated April 18, 1996.

We conducted our audit 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.

Compliance with laws, regulations, contracts, and grants applicable to Madison Parish Hospital Service District, Louisiana, is the responsibility of Madison Parish Hospital Service District, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Service District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

We noted the following immaterial instances of noncompliance, they are:

ASSET MANAGEMENT LAWS

Finding:

The Service District was not able to complete a physical inventory of general fixed assets as required by state law.

CHIEF EXECUTIVE ACCOUNTANTS AND CONSULTANTS

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Tallulah, Louisiana

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Management's Response:

Due to the limited staff and related family sickness, the Service District was unable to complete the physical inventory. A concentrated effort will be made to perform one in the future. Also the district is looking into hiring outside consultants to perform this task, if not cost prohibitive.

BUDGETARY LAWS

Finding:

As noted in the footnotes to our financial statements, the Service District exceeded budgeted figures beyond limitations imposed by state law.

Management's Response:

In current year, the general fund expenditures, in total, were within budgeted expenditures. Due to grouping differences for reporting purposes, variances occurred.

This report is intended for the information of the management of the Madison Parish Hospital Service District and the Louisiana Legislative Auditor's office. However, this report is a matter of public record and its distribution is not limited.

May + Company

Vicksburg, Mississippi
April 18, 1996