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HOSPITAL SERVICE DISTRICT NO. 1
PARISH OF RICHLAND, STATE OF LOUISIANA

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
SEPTEMBER 30, 1997, 1996 AND 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

APR 0 8 1998

Release Date _____

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
DEBT SERVICE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 1997, 1996 AND 1995

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Hospital Service District No. 1
Parish of Richland, State of Louisiana
Rayville, Louisiana

We have audited the accompanying general purpose financial statements of Hospital Service District No. 1, Parish of Richland, (the Service District), a component unit of the Richland Parish Police Jury, as of and for the years ended September 30, 1993, 1996, and 1995, listed in the foregoing table of contents. These financial statements are the responsibility of the Service District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital Service District No. 1, Parish of Richland, as of and for the years ended September 30, 1993, 1996, and 1995 and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applicable to governmental entities.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated February 12, 1998, on our consideration of the Service District's internal control structure and a report dated February 12, 1998, on its compliance with laws and regulations.

Certified Public Accountants

February 12, 1998

HOSPITAL SERVICE DISTRICT NO. 1
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 DEBT SERVICE FUND
 BALANCE SHEETS
 SEPTEMBER 30, 1997, 1996 AND 1995

<u>ASSETS</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Cash on deposit with paying agent (Note 2)	\$ 1,152	\$ 4,676	\$ 3,282
Certificate of deposit (Note 2)	999,989	182,215	999,488
Taxes receivable (net of fees)	0	4,433	28
Accrued interest receivable	<u>1,671</u>	<u>1,523</u>	<u>1,780</u>
Total Assets	\$ <u>201,812</u>	\$ <u>192,857</u>	\$ <u>204,583</u>
 <u>LIABILITIES AND FUND BALANCE</u> 			
Liabilities			
Matured interest coupons payable	\$ 848	\$ 4,200	\$ 2,913
Fund balance:	<u>201,264</u>	<u>188,657</u>	<u>201,670</u>
Total Liabilities and Fund Balance	\$ <u>201,812</u>	\$ <u>192,857</u>	\$ <u>204,583</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
DEBT SERVICE FUND
STATEMENTS OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 1997, 1996 AND 1995

	1997	1996	1995
Revenues			
Ad valorem taxes	\$ 158,415	\$ 151,816	\$ 228,974
Interest income	<u>10,834</u>	<u>10,389</u>	<u>12,450</u>
Total revenues	<u>169,249</u>	<u>162,205</u>	<u>241,424</u>
Expenditures			
Bonds redeemed	190,000	280,000	178,800
Interest on bonds	65,325	77,260	88,375
Fiscal agent fees	<u>187</u>	<u>333</u>	<u>0</u>
Total expenditures	<u>255,512</u>	<u>357,593</u>	<u>267,175</u>
Excess of revenues (expenditures)	(86,263)	(19,388)	(25,751)
Fund balance, beginning of year	<u>189,025</u>	<u>201,673</u>	<u>217,424</u>
Fund balance, end of year	<u>\$ 102,762</u>	<u>\$ 182,285</u>	<u>\$ 191,673</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
DEBT SERVICE FUND
STATEMENTS OF GENERAL LONG-TERM DEBT
FOR THE YEARS ENDED SEPTEMBER 30, 1997, 1996 AND 1995

AMOUNT AVAILABLE AND TO BE
PROVIDED FOR PAYMENT OF
GENERAL LONG-TERM DEBT

	1997	1996	1995
Serial Bonds			
Amount available in Debt Service Fund	\$ 200,802	\$ 190,887	\$ 204,588
Amount to be provided from ad valorem taxes	<u>707,188</u>	<u>907,112</u>	<u>1,075,412</u>
Total	<u>\$ 907,990</u>	<u>\$ 1,098,000</u>	<u>\$ 1,280,000</u>
 <u>GENERAL LONG-TERM DEBT PAYABLE</u>			
Serial Bonds Payable (Note 1)	<u>\$ 907,990</u>	<u>\$ 1,098,000</u>	<u>\$ 1,280,000</u>

See accompanying notes to financial statements.

**HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA,
DEBT SERVICE FUND AND GENERAL LONG-TERM DEBT ACCOUNT GROUP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1997, 1996 AND 1995**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Legal Organization

Richland Parish Hospital Service District No. 1 (the District) was created by an ordinance of the Richland Parish Police Jury. The District is comprised of and embraces the territory contained within the Parish of Richland, State of Louisiana, as constituted as of the date of the ordinance.

The District is political subdivision of the Richland Parish Police Jury whose jurors are elected officials. The District's commissioners are appointed by the Richland Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Richland Parish Police Jury is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the Richland 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 governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Debt Service

The debt service fund was established to receive ad valorem taxes collected and to pay bonds and the interest thereon. Taxes received cannot be commingled with other funds and can be used only for the designated purpose.

General Long-Term Debt Account Group

The general long-term debt account group is a self-balancing group of accounts which includes unmatured public improvement bonds that are funded by ad valorem tax revenues.

Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within 60 days after year-end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

HOSPITAL SERVICE DISTRICT NO. 1
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 DEBT SERVICE FUND AND GENERAL LONG-TERM DEBT ACCOUNT GROUP
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED SEPTEMBER 30, 1997, 1996 AND 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

Expenditures of the debt service fund are controlled through debt service commitments. No legal budget is required for this fund.

Income Taxes

The entity is a political subdivision and exempt from taxation.

NOTE 2 - DEPOSITS

Deposits totaling \$201,141 at September 30, 1997, with the depository banks in checking accounts and certificates of deposit were secured at the balance sheet date by federal depository insurance coverage and by pledged securities.

NOTE 3 - SERIAL BONDS PAYABLE

Public Improvement Bonds dated August 1, 1968, mature serially beginning February 1, 1979, in annual amounts ranging from \$15,000 to \$250,000. Interest is payable semi-annually on February 1st and August 1st with rates varying from 5.8% to 6.5%.

At September 30, 1997, there were outstanding bonds in an amount of \$910,000, as detailed below:

Year	Bond Number	September 30, 1997 Principal
1968	409 to 449	\$ 205,000
1969	450 to 493	228,000
2000	494 to 540	215,000
2001	541 to 590	<u>262,000</u>
Total		<u>\$ 910,000</u>

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
DEBT SERVICE FUND AND GENERAL LONG-TERM DEBT ACCOUNT GROUP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1997, 1996 AND 1995

NOTE 4. AD VALOREM TAXES

The District levies real estate taxes on all real property on a calendar year basis, at a rate enacted by the Board of Commissioners as recommended by the local tax assessor. Property taxes are collected through the local sheriff and remitted, net of collection fees, to the District. The sheriff's office is responsible for collection, including establishing lien, levy and due dates of property taxes.

NOTE 5. PER DIEM AND OTHER COMPENSATION PAID TO BOARD MEMBERS

Mr. W. L. Strong, Jr.	None
Mr. Oliver Holland	None
Mr. Bentley Curry	None
Mr. Moses Wilkins	None
Mr. Zora McKay	None
Dr. Paul Gaudin	None
Mr. Bruce McEbaham	None

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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
Hospital Service District No. 1
Parish of Richland, State of Louisiana
Rayville, Louisiana 71359

We have audited the general purpose financial statements of the Richland Parish Hospital Service District No. 1 (the District) for the years ended September 30, 1987, 1988 and 1993, and have issued our report thereon dated February 12, 1998.

We conducted our audits in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the District 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 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 audits of the general purpose financial statements of the District for the years ended September 30, 1997, 1996 and 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 and 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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.


Certified Public Accountants

February 12, 1998

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**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
Hospital Service District No. 1
Parish of Richland, State of Louisiana
Rayville, Louisiana 71269

We have audited the general purpose financial statements of the Richland Parish Hospital Service District No. 1 (the District) as of and for the years ended September 30, 1997, 1998 and 1999, and have issued our report thereon dated February 12, 1998.

We conducted our audits in accordance with generally accepted auditing standards and **Government Auditing Standards**, issued by the Comptroller General of the United States. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audits 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 noncompliance that are required to be reported under **Government Auditing Standards**.

While performing our audits, we read the responses to the questions in the Systems Survey and Compliance Questionnaire completed by management and adopted by the Board of Commissioners and found no evidence that would indicate that the Hospital Service District had not answered the questions correctly. However, it should be noted that our audits were not directed primarily towards the answers to the questions in the questionnaire.

Board of Commissioners
Hospital Service District No. 1
Parish of Richland, State of Louisiana
Page Two

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. However, this report is a matter of public record and its distribution is not limited.

Easley, Antle & Wells

Certified Public Accountants

February 12, 1998