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**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA**

Financial Statements, Internal Control, and Compliance

Year Ended December 31, 1998

with

Independent Auditor's Reports

**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.**

Release Date ~~JUL 23 1999~~

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE  
YEAR ENDED DECEMBER 31, 1998**

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## **FINANCIAL STATEMENTS**



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## **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, Tallulah, Louisiana, a component unit of Madison Parish Police Jury as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of Madison Parish Hospital Service District, Tallulah, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the Proprietary Fund, which should be included in order to conform with generally accepted accounting principles. The omitted fund type has assets, liabilities, revenues, and expenditures of \$2,226,442, \$824,800, \$5,200,165, and \$5,703,660, respectively.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Madison Parish Hospital Service District, Tallulah, Louisiana as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Board of Commissioners  
Madison Parish Hospital Service District

Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 1999, on our consideration of Madison Parish Hospital Service District, Tallulah, Louisiana's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts, and grants.

Vicksburg, Mississippi  
May 24, 1999

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1998**

	Governmental Fund Types		
	General	Capital Project	Debt Service
<b><u>ASSETS</u></b>			
Cash	\$ 770,910	\$ 87,874	\$ 452,806
Receivables	218,710	-	308,328
Land	-	-	-
Buildings and improvements	-	-	-
Furniture and equipment	-	-	-
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 989,620</u></b>	<b><u>\$ 87,874</u></b>	<b><u>\$ 761,134</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 8,242	\$ -	\$ 10,966
Deferred revenue	23,296	-	26,795
General obligation bonds payable	-	-	-
Capital leases	-	-	-
Total liabilities	<u>31,538</u>	<u>-</u>	<u>37,761</u>
<b>FUND EQUITY:</b>			
Investment in general fixed assets	-	-	-
Fund balances:			
Reserved for debt service	-	-	723,373
Unreserved and undesignated	<u>958,082</u>	<u>87,874</u>	<u>-</u>
Total fund equity	<u>958,082</u>	<u>87,874</u>	<u>723,373</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 989,620</u></b>	<b><u>\$ 87,874</u></b>	<b><u>\$ 761,134</u></b>

See accompanying notes to the financial statements.

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General long-term Debt</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ 1,311,590
-	-	527,038
61,000	-	61,000
3,348,483	-	3,348,483
1,242,323	-	1,242,323
-	452,803	452,803
-	<u>438,623</u>	<u>438,623</u>
<u>\$ 4,651,806</u>	<u>\$ 891,426</u>	<u>\$ 7,381,860</u>
\$ -	\$ -	\$ 19,208
-	-	50,091
-	890,000	890,000
-	<u>1,426</u>	<u>1,426</u>
-	<u>891,426</u>	<u>960,725</u>
4,651,806	-	4,651,806
-	-	723,373
-	-	<u>1,045,956</u>
<u>4,651,806</u>	<u>-</u>	<u>6,421,135</u>
<u>\$ 4,651,806</u>	<u>\$ 891,426</u>	<u>\$ 7,381,860</u>

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Total</u>
	<u>General</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>(Memorandum Only)</u>
<b>REVENUES:</b>				
Taxes:				
Ad valorem taxes	\$ 160,375	\$ -	\$ 351,194	\$ 511,569
Sales taxes	438,859	-		438,859
Intergovernmental revenues:				
Federal funds:				
Appropriation from Madison				
Parish Police Jury	6,957	-	-	6,957
State funds:				
State revenue sharing	16,819	-	-	16,819
Interest	27,067	3,716	20,317	51,100
Miscellaneous	<u>49,537</u>	<u>-</u>	<u>-</u>	<u>49,537</u>
Total revenues	<u>699,614</u>	<u>3,716</u>	<u>371,511</u>	<u>1,074,841</u>
<b>EXPENDITURES:</b>				
Current:				
General government	61,000	-	10,966	71,966
Health and welfare	7,231	-	-	7,231
Capital outlay	51,780	-	-	51,780
Debt service:				
Principal retirement		-	285,000	285,000
Interest and fiscal charges		<u>-</u>	<u>63,695</u>	<u>63,695</u>
Total expenditures	<u>120,011</u>	<u>-</u>	<u>359,661</u>	<u>479,672</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>579,603</u>	<u>3,716</u>	<u>11,850</u>	<u>595,169</u>

Continued



**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES - CONTINUED  
YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Total</u>
	<u>General</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>(Memorandum Only)</u>
<b>OTHER FINANCING SOURCES AND (USES):</b>				
Transfers in	-	2,500	-	2,500
Transfers out	<u>(34,879)</u>	<u>-</u>	<u>-</u>	<u>(34,879)</u>
Total other financing sources and (uses)	<u>(34,879)</u>	<u>2,500</u>	<u>-</u>	<u>(32,379)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	544,724	6,216	11,850	562,790
<b>FUND BALANCES, January 1, 1998</b>	<u>413,358</u>	<u>81,658</u>	<u>711,523</u>	<u>1,206,539</u>
<b>FUND BALANCES, December 31, 1998</b>	<u>\$ 958,082</u>	<u>\$ 87,874</u>	<u>\$ 723,373</u>	<u>\$ 1,769,329</u>

See accompanying notes to the financial statements.

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BASIS)-GENERAL FUND  
YEAR ENDED DECEMBER 31, 1998**

	<u>General Fund</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable Unfavorable)</u>
<b>REVENUES:</b>			
Taxes			
Ad valorem taxes	\$ 133,120	\$ 157,175	\$ 24,055
Sales taxes	390,000	399,957	9,957
Intergovernmental revenues:			
Federal funds:			
Appropriation from Madison Parish Police Jury	7,500	6,957	(543)
State funds:			
State revenue sharing	16,000	22,462	6,462
Interest	10,150	26,976	16,826
Miscellaneous	-	49,537	49,537
Total revenues	<u>556,770</u>	<u>663,064</u>	<u>106,294</u>
<b>EXPENDITURES:</b>			
Current operating:			
General government	116,500	62,156	54,344
Health and welfare	319,037	7,231	311,806
Capital outlay	<u>278,963</u>	<u>61,363</u>	<u>217,600</u>
Total expenditures	<u>714,500</u>	<u>130,750</u>	<u>583,750</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(157,730)</u>	<u>532,314</u>	<u>690,044</u>
<b>OTHER FINANCING SOURCES AND (USES):</b>			
Transfers out	-	(34,879)	(34,879)
Total other financing sources and (uses)	<u>-</u>	<u>(34,879)</u>	<u>(34,879)</u>

Continued

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BASIS)-GENERAL FUND-  
CONTINUED  
YEAR ENDED DECEMBER 31, 1998**

	<u>General Fund</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable Unfavorable)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (112,730)</u>	497,435	<u>\$ 610,165</u>
<b>FUND BALANCE, January 1, 1998</b>		<u>413,358</u>	
<b>FUND BALANCE (NON-GAAP), December 31, 1998</b>		910,793	
<b>ADJUSTMENT TO GAAP BASIS:</b>			
Change in receivables		33,065	
Change in deferred revenue		3,019	
Change in accounts payable		<u>11,205</u>	
<b>FUND BALANCE (GAAP), December 31, 1998</b>		<u>\$ 958,082</u>	

See accompanying notes to the financial statements.

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BASIS)-  
CAPITAL PROJECT FUND  
YEAR ENDED DECEMBER 31, 1998**

	<u>Capital Project Fund</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable Unfavorable)</u>
<b>REVENUES:</b>			
Interest	\$ 2,000	\$ 3,716	\$ 1,716
Total revenues	<u>2,000</u>	<u>3,716</u>	<u>1,716</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>2,000</u>	<u>3,716</u>	<u>1,716</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>15,000</u>	<u>2,500</u>	<u>12,500</u>
Total other financing sources	<u>15,000</u>	<u>2,500</u>	<u>12,500</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>\$ 17,000</u>	6,216	<u>\$ 10,784</u>
<b>FUND BALANCE, January 1, 1998</b>		<u>81,658</u>	
<b>FUND BALANCE, December 31, 1998</b>		<u>\$ 87,874</u>	
<b>ADJUSTMENT TO GAAP BASIS:</b>			
NONE			

See accompanying notes to the financial statements.

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BASIS)-  
DEBT SERVICE FUND  
YEAR ENDED DECEMBER 31, 1998**

	<u>Debt Service Fund</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable Unfavorable)</u>
<b>REVENUES:</b>			
Taxes:			
Ad valorem taxes	\$ 291,616	\$ 344,189	\$ 52,573
Interest	<u>10,000</u>	<u>20,317</u>	<u>10,317</u>
Total revenues	<u>301,616</u>	<u>364,506</u>	<u>62,890</u>
<b>EXPENDITURES:</b>			
Current operating:			
General government	12,000	10,561	1,439
Debt service	<u>348,695</u>	<u>348,695</u>	<u>-</u>
Total expenditures	<u>360,695</u>	<u>359,256</u>	<u>1,439</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (59,079)</u>	5,250	<u>\$ 64,329</u>
<b>FUND BALANCE, January 1, 1998</b>		<u>711,523</u>	
<b>FUND BALANCE (NON-GAAP), December 31, 1998</b>		716,773	
<b>ADJUSTMENT TO GAAP BASIS:</b>			
Change in receivable		896	
Change in accounts payable		(405)	
Change in deferred revenue		<u>6,109</u>	
<b>FUND BALANCE (GAAP), December 31, 1998</b>		<u>\$ 723,373</u>	

See accompanying notes to the financial statements.

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1998**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Madison Parish Hospital Service District, Tallulah, Louisiana (the Service District) 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, Tallulah, Louisiana 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

As the governing authority of the parish for reporting purposes, the Madison Parish Police Jury is the financial reporting entity for Madison Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Madison Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- a. Appointing a voting majority of an organization's governing body, and:
  - (1) the ability of the police jury to impose its will on that organization, and/or
  - (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.



**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED DECEMBER 31, 1998**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

1. Financial Reporting Entity - Continued

- b. Organizations for which the police jury does not appoint a voting majority, but are fiscally dependent on the police jury.
- c. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the voting majority of the Service District and has the ability to impose its will on the Service District, the Service District was determined to be a component unit of the Madison Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Service District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

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:

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED DECEMBER 31, 1998**

**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.

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. Interest costs incurred during construction are not capitalized. 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.

Continued



**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED DECEMBER 31, 1998**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

4. Fixed Assets and Long-Term Debt - Continued

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 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.

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED DECEMBER 31, 1998**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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.

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.

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED DECEMBER 31, 1998**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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	\$ 140,694	\$ 308,089	\$ 448,783
Sales	66,846	-	66,846
Other governments	11,061	-	11,061
Interest	<u>109</u>	<u>239</u>	<u>348</u>
	<u>\$ 218,710</u>	<u>\$ 308,328</u>	<u>\$ 527,038</u>

**NOTE C. CHANGES IN GENERAL FIXED ASSETS**

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

	<u>Balance at January 1, 1998</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 1998</u>
Land	\$ 61,000	\$ -	\$ -	\$ 61,000
Buildings and improvements	3,348,483	-	-	3,348,483
Furniture and equipment	<u>1,242,323</u>	<u>-</u>	<u>-</u>	<u>1,242,323</u>
	<u>\$ 4,651,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,651,806</u>

Continued

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED DECEMBER 31, 1998**

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

The detail of long-term debt transactions for the year ended December 31, 1998, is as follows:

<u>Description of Debt</u>	<u>Balance at January 1, 1998</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 1998</u>
General obligation refunding bonds, Series 1991 Interest rate: 5.8 - 6.3% Duc: 3/01/01	\$ 1,175,000	\$ -	\$ 285,000	\$ 890,000
Capital lease Interest rate: 6.03% Duc: 11/98	44,662	-	44,662	-
Capital lease Interest rate: 5.87% Duc: 3/99	6,926	-	5,500	1,426
	<u>\$ 1,226,588</u>	<u>\$ -</u>	<u>\$ 335,162</u>	<u>\$ 891,426</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.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 300,000	\$ 45,995	\$ 345,995
2000	325,000	26,770	351,770
2001	265,000	8,348	273,348
2002	-	-	-
2003	-	-	-
	<u>\$ 890,000</u>	<u>\$ 81,113</u>	<u>\$ 971,113</u>

Continued

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED DECEMBER 31, 1998**

**NOTE E. AD VALOREM TAXES**

Parish-wide ad valorem taxes were levied for 1998 as follows:

Hospital bond (debt service)	9.0 mills
Hospital maintenance	4.11 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
Myrtle Wyche	11	440
T. W. Bishop	12	480
B. Neumann	1	40
I. W. Jackson	12	480
Dr. T. A. Neuman	6	240
		<u>\$ 2,160</u>

**NOTE G. LEASES**

Operating Leases

During 1998, the Service District entered into a lease with a medical doctor for utilization of an office building the Service District owns. This operating lease is for a term of five years, terminating in July 2004. 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.

Continued



**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED DECEMBER 31, 1998**

**NOTE G. LEASES - CONTINUED**

Operating Leases - Continued

The Service District leases an apartment, which houses ambulance attendants, under a cancelable operating lease expiring in 2000. This lease provides two renewal options of two year extensions. Annual lease payments will be \$ 3,600. The District expensed \$3,600 in 1998 under this lease.

Capital Leases

The Service District was obligated under capital leases for two x-ray machines during 1998. 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, 1998. 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, 1998:

	<u>General Long Term Debt Account Group</u>
Year ending December 31, 1999	\$ <u>1,440</u>
Minimum lease payments	1,440
Less: amount representing interest	<u>14</u>
Present value of future minimum lease payments	<u>\$ 1,426</u>

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED DECEMBER 31, 1998**

**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, 1998, the Service District has \$1,311,586 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$1,211,585 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**NOTE I. CONTINGENCIES**

The Service District is a party to three lawsuits. These lawsuits consist of a workers' compensation claim, a personal injury claim, and a suit relative to a pharmacy contract. The workers' compensation claim and personal injury claim, based on legal counsel, are covered by insurance. The suit relative to a pharmacy contract is for an amount in excess of \$1,000,000 and at this time legal counsel cannot predict the outcome. Consequently, no liability for an unfavorable outcome in this lawsuit has been recorded.

**NOTE J. YEAR 2000 COMPLIANCE**

The Service District maintains a manual accounting system.

## **SCHEDULES**



**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 1998**

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
Section I - Internal Control and Compliance Material to the Financial Statements:				
97-1	1997	The Service District was not able to complete a physical inventory of general fixed assets as required by state law.	Yes	-
97-2	1997	Lack of bid documentation on a phone system quote.	Yes	-
97-3	Since Inception	Lack of segregation of duties	No	See 98-1

Section II - Internal Control and Compliance Material to Federal Awards:

None

Section III - Management Letter:

None

**INTERNAL CONTROL AND COMPLIANCE**



# May & Company

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF 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, Tallulah, Louisiana, a component unit of Madison Parish Police Jury, as of and for the year ended December 31, 1998, and have issued our report thereon dated May 24, 1999, which expressed a qualified opinion. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Madison Parish Hospital Service District, Tallulah, Louisiana's general purpose 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered Madison Parish Hospital Service District, Tallulah, Louisiana'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.

Board of Commissioners  
Madison Parish Hospital Service District

Page Two

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 Madison Parish Hospital Service District, Tallulah, Louisiana'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 and questioned costs as items 98-1 and 98-2.

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 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 believe none of the reportable conditions described above is a material weakness.

No management letter was issued.

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



Vicksburg, Mississippi  
May 24, 1999

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA**

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 1998**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses a qualified opinion on the general purpose financial statements of Madison Parish Hospital Service District.
2. Two reportable conditions disclosed during the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. None were reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Madison Parish Hospital Service District were disclosed during the audit.
4. No management letter was issued.
5. No federal awards in year under audit.

**B. FINDINGS—FINANCIAL STATEMENT AUDIT**

**Reportable Conditions**

98-1 Segregation of Duties

Condition: Presently, all accounting functions are performed by the office bookkeeper which limits segregation of duties.

Criteria: Accounting procedures should be in place that allow management to record, process and summarize financial information in a manner consistent with management's intentions.

Effect: Management is not able to have reasonable assurance that all transactions are completely and accurately recorded on the District's general ledger.

Recommendation: The Board of Commissioners should continue to approve all invoices and contracts as well as require dual signatures on checks. A commissioner should routinely receive the bank statement directly from the bank and review its contents for any deviations from board approved disbursements and receipts.

Continued

**MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA**

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 1998**

**B. FINDINGS—FINANCIAL STATEMENT AUDIT - CONTINUED**

**Reportable Conditions - Continued**

98-2 Check Signers

Condition: Confirmation of authorized check signers from the District's depository bank revealed that the prior bookkeeper and nonemployees were used on the District's signature card.

Criteria: Control of cash should be limited to those individuals authorized by the Commissioners of the District.

Effect: Unauthorized transactions could be initiated by persons no longer employed by the District.

Recommendation: Written notification should be forwarded to the District's depository bank upon change of authorized check signers. Annually, the District's management should review the signature card.

**Compliance**

None

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None



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MADISON PARISH HOSPITAL SERVICE DISTRICT  
TALLULAH, LOUISIANA

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 1998**

Ref. No.	Description of Finding	Corrective Action Planned	Contact Person(s)	Completion Date
Section I - Internal Control and Compliance Material to the Financial Statements				
98-1	Segregation of duties	Board will continue to approve all invoices and contracts as well as require dual signatures on checks. Bank statements will routinely be opened and reviewed by one of the commissioners.	I.W. Jackson	8/99 As to opening bank statements. Presently approving all invoices and contracts
98-2	Check signers	Board will notify bank by written correspondence of current authorized check signers.	I.W. Jackson	7/99


Section II - Internal Control and Compliance Material to Federal Awards

None

Section III - Management Letter

None

MADISON PARISH HOSPITAL SERVICE DISTRICT

  
I. W. JACKSON