

**REYVILLE PARKS HOSPITAL,
SERVICE DISTRICT NO. 2
Arcadia, Louisiana**

**General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2003
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 7-28-04

BENVILLE PARISH HOSPITAL SERVICE DISTRICT NO. 2
Arcadia, Louisiana

General Purpose Financial Statements
With Independent Auditors' Report
As of and for the Year Ended December 31, 2003
With Supplemental Information Schedules

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BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arnaud, Louisiana
Centers, December 31, 2008

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LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Wm. Tom Little, CPA
Charles B. Anderson, III, CPA

Independent Auditors' Report

**BOARD OF COMMISSIONERS
BIBBVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana**

We have audited the general purpose financial statements of the Bibbville Parish Hospital Service District No. 2, a component unit of the Bibbville Parish Police Jury, as of December 31, 2003, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Bibbville Parish Hospital Service District No. 2'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 U.S. 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements present fairly, in all material respects, the financial position of the Bibbville Parish Hospital Service District No. 2, as of December 31, 2003, and the results of its operations for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Bibbville Parish Hospital Service District No. 2. 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

BOARD OF COMMISSIONERS
BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2

Arcadia, Louisiana
Independent Auditor's Report,
December 31, 2003

In accordance with Government Auditing Standards, we have also issued a report dated June 24, 2004, on the Bienville Parish Hospital Service District No. 2's compliance with laws, regulations, and contracts, and our consideration of the agency's internal control over financial reporting. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Little & Associates

Monroe, Louisiana
June 24, 2004

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

BIENVILLE PARISH HOSPITAL SERVICE DISTRICT NO. 2
Acadia, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 2005

	GOVERNMENTAL FUND TYPE		ACCOUNT GROUP -	TOTAL MEMORANDUM ONLY
	GENERAL FUND	SPECIAL REVENUE FUNDS	GENERAL FUND ASSETS	
ASSETS				
Cash and cash equivalents	\$170,396	\$51,367		\$221,763
Receivables		110,810		110,810
Due from other funds	166,454			166,454
Due from others	5,381			5,381
Prepaid insurance		13,878		13,878
Land, buildings, and equipment			\$4,139,211	4,139,211
TOTAL ASSETS	\$342,231	\$203,974	\$4,139,211	\$4,685,416
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$15,147	\$4,897		\$20,044
Payroll withholdings payable	\$1,090	3,415		4,505
Due to other funds		196,434		196,434
Total Liabilities	16,237	204,746	196,434	407,417
Fund Equity:				
Investment in general fund assets			\$4,139,211	4,139,211
Fund balance - unreserved - undesignated	325,994	79,228		405,222
Total Fund Equity	325,994	79,228	4,139,211	4,604,433
TOTAL LIABILITIES AND FUND EQUITY	\$342,231	\$203,974	\$4,139,211	\$4,685,416

The accompanying notes are an integral part of this statement.

Statement B

MENVILLE PARISH HOSPITAL SERVICE DISTRICT NO. 2
Acadia, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND
AND SPECIAL REVENUE FUNDS

Combined Statements of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2003

	GENERAL FUND	SPECIAL REVENUE FUNDS
REVENUES		
Intergovernmental-state grant	\$5,978	
Fees, charges, and commissions for services		\$906,089
Use of money and property	198,443	24
Other revenue		548
Total revenues	204,421	906,661
EXPENDITURES		
Current:		
Personal services	21,655	521,861
Operating services	178,598	350,777
Materials and supplies	90	61,382
Capital Outlay	6,768	
Total expenditures	207,111	934,020
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(2,690)	(79,858)
OTHER FINANCING SOURCES (Uses)		
Operating transfer in		31,665
Operating transfer out	(31,665)	
Total other financing sources (uses)	(31,665)	31,665
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(53,355)	(48,193)
FUND BALANCES AT BEGINNING OF YEAR	314,393	77,261
FUND BALANCES AT END OF YEAR	261,038	29,068

The accompanying notes are an integral part of this statement.

RENVILLE PARISH HOSPITAL SERVICE DISTRICT NO. 2
Acadia, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget
(GAAP Basis) and Actual
For the Year Ended December 31, 2003

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>PERCENT</u> <u>SAVED OR</u> <u>EXCEEDED</u>
REVENUES			
Fees, charges, and commissions for services		\$ 15,978	15,978
Use of money and property	\$ 85,715	188,493	188,493
Total revenues	<u>85,715</u>	<u>204,471</u>	<u>188,493</u>
EXPENDITURES			
Current:			
Personal services	10,314	21,699	(11,385)
Operating services	112,087	175,598	(63,511)
Materials and supplies	3,211	98	3,113
Capital Outlay	13,977	8,198	5,779
Total expenditures	<u>140,589</u>	<u>206,112</u>	<u>167,286</u>
EXCESS (Deficiency) OF REVENUES			
OVER EXPENDITURES	<u>155,029</u>	<u>(1,641)</u>	<u>51,279</u>
OTHER FINANCING			
Sale of Assets	850		(850)
Operating transfer out	1,008,000	(31,600)	77,400
Total other financing sources (uses)	<u>1,008,850</u>	<u>(31,600)</u>	<u>76,550</u>
EXCESS (Deficiency) OF REVENUES AND			
OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(161,213)</u>	<u>(30,156)</u>	<u>127,057</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>314,152</u>	<u>314,152</u>	
FUND BALANCES AT END OF YEAR	<u>\$ 152,939</u>	<u>\$ 283,996</u>	<u>\$ 171,892</u>

The accompanying notes are an integral part of this statement.

**BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Acadia, Louisiana**

**Notes to the Financial Statements
As of and For the Year Ended December 31, 2000**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bienville Parish Hospital Service District No. 2 is controlled by a board of Commissioners who are appointed by the Bienville Parish Police Jury, and is exempt from income taxes. The District owns and operates the Family Clinic and the Wellness Center for the purpose of providing for the medical needs of the citizens of Bienville Parish. The District also contracts with various other health care providers in which the district provides space in return for rent.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Bienville Parish Police Jury is the financial reporting entity for Bienville 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 the 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 (GASB) Statement No. 14 establishes criteria for determining which component units should be considered part of the Bienville Parish Police Jury for financial reporting purposes. The basic criteria 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:

1. Appointing a voting majority of an organization's governing body, and;

BIENVILLE PARISH HOSPITAL

SERVICE DISTRICT NO. 2

Acadia, Louisiana

Notes to the Financial Statements (Continued)

- a. The ability of the police jury to impose its will on the organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
 3. 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 a voting majority of the District's governing body and has the ability to impose its will, the agency was determined to be a component unit of the Bienville Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the 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.

B. FUND ACCOUNTING

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) 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.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to

**IRISVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Acadia, Louisiana**

Notes to the Financial Statements (Continued)

account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The District's current operations require the use of only governmental funds. The governmental funds used by the district are described as follows:

General Fund

The General Fund is the general operating fund of the district. It accounts for all net payments received from providers. Also, general operating expenditures are paid from this fund.

Special Revenue Funds

The district uses two special revenue funds which account for the operations of the Irisville Family Clinic and the Irisville Wellness Center.

C. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fund assets account group, rather than in the General Fund. Approximately 100 per cent of fixed assets are valued at actual historical cost. No depreciation has been provided on general fixed assets. The account group is not a fund. It is concerned only with the measurement of financial position and does not involve measurement of results of operations. The district has no long-term debt at December 31, 2000.

D. BASIS OF ACCOUNTING

The financial 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 on the balance sheet. Operating statements for these funds present

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Acadia, Louisiana
Notes to the Financial Statements (Continued)

increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental and fiduciary fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "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. The clerk of court uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Revenues from rent, patient fees, and membership fees are recorded in the year in which they are earned.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. BUDGET PRACTICES

The proposed budgets for the general fund and special revenue funds are prepared on the modified accrual basis of accounting and are made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budgets are then legally adopted by the board of commissioners and amended during the year, as necessary. Budgets are established and controlled by the board of commissioners at the object level of expenditure. The district does not utilize encumbrance accounting. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budgets must be approved by the board of commissioners.

Fiscal budgetary integration is employed as a management control device during

BIENVILLE PARISH HOSPITAL
 SERVICE DISTRICT NO. 2
 Arcadia, Louisiana
 Notes to the Financial Statements (Continued)

the year. Budgeted amounts included in the accompanying financial statement include the original adopted budget amounts and all subsequent amendments.

F. CASH AND CASH EQUIVALENTS

Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2003, the district has cash and cash equivalents (bank balances) totaling \$178,763 as follows:

Demand deposits	\$78,683
Petty cash	100
Time deposits	<u>100,000</u>
Total	<u>\$178,783</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be fully 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 bank. The 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. Cash and cash equivalents (bank balances) at December 31, 2003, are secured as follows:

Bank balances	<u>\$178,973</u>
Federal deposit insurance	\$178,973
Pledged securities	<u>257,292</u>
Total	<u>\$416,238</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the district, they are considered uncollateralized (Category 3) under the provisions of GASB Codification (20-100); however, Louisiana Revised Statute 39:1279 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 90 days of being notified by the district that the fiscal agent has failed.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 3
Arcade, Louisiana
Note to the Financial Statements (Continued)

to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the district's name.

G. VACATION AND SICK LEAVE

All full-time employees of the district earn 30 days of vacation leave after one full year of service, and fifteen days of vacation leave after six years of service. Full-time employees earn 30 days of sick leave after one full year of service. Employees may carry forward a maximum of one year of accrued vacation time and unlimited accrued sick leave time. Part-time employees are also eligible for vacation and sick leave at a lower rate of accrual. Upon separation of employment, employees are paid for accrued vacation leave.

H. RISK MANAGEMENT

The district is exposed to various risk of loss related to acts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the district maintains commercial insurance policies covering: general liability; workers compensation; and auto liability coverage for all employees. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. No claims have been filed on the policy during the past three years nor is the district aware of any unfilled claims.

**I. TOTAL COLUMN ON THE
BALANCE SHEET**

The total column on the balance sheet is captioned Memorandum Only (reserve) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present 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.

2. RECEIVABLES

The following is a summary of receivables for special revenue funds at December 31, 2003:

BIENVILLE PARISH HOSPITAL
 SERVICE DISTRICT NO. 2
 Arcadia, Louisiana
 Notes to the Financial Statements (Continued)

Class of receivable:

Fee, charges, and commissions for services:	
Patient fees	\$132,948
Membership fees	<u>2,882</u>
Total	<u>\$135,830</u>

3. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance at January 1,	Additions	Deletions	Balance at December 31,
Land	\$87,371			\$87,371
Buildings	2,625,762			2,625,762
Machinery & Equipment	<u>1,419,809</u>	<u>\$6,769</u>		<u>1,426,578</u>
Total	<u>\$4,132,942</u>	<u>\$6,769</u>	<u>NONE</u>	<u>\$4,139,711</u>

4. DEFERRED COMPENSATION PLAN

The hospital district offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all employees, permits employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, resignation, death, or unforeseeable emergency.

All amounts of compensation, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the hospital district (without being restricted to the provisions of benefits under the plan), subject only to the claims of the hospital district's general creditors. Participants' rights under the plan are equal to those of general creditors of the hospital district in an amount equal to the fair market value of the deferred account for each participant.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
Notes to the Financial Statements (Continued)

5. LEASES

The district contracts with various other health-care providers to serve the medical needs of the citizens of Bienville Parish. The District provides space for these providers in return for rent. Current leases include Mark Owen, M. D. with a monthly payment of \$600 and the Louisiana Biomedical Care Hospital with a monthly payment of \$14,000.

6. FUND DEFICIT

At December 31, 2003, the Wellness Center Fund had a fund deficit of \$5,248. The district will reduce expenditures to eliminate the deficit.

7. LITIGATION AND CLAIMS

The Bienville Parish Hospital Service District No. 2 is not involved in any litigation at December 31, 2003, nor is it aware of any asserted claims.

SUPPLEMENTAL INFORMATION SCHEDULES

BIBBVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Archie, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 2009

SPECIAL REVENUE FUNDS

FAMILY CLINIC FUND

The Family Clinic fund accounts for the activity involved in providing health care needs to the citizens of Bibbville Parish.

WELLNESS CENTER FUND

The Wellness Center fund accounts for the activity involved in providing health care needs to the citizens of Bibbville Parish.

**SHREVEPORT PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Archie, Louisiana
SPECIAL REVENUE FUNDS**

Combining Balance Sheet
December 31, 2009

	FAMILY CLINIC FUND	WELLNESS CENTER FUND	TOTAL
ASSETS			
Cash and cash equivalents	\$49,742	\$3,625	\$53,367
Receivables	132,948	3,983	136,931
Prepaid Insurance	13,676		13,676
TOTAL ASSETS	\$196,366	\$6,608	\$202,974
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$3,298	\$847	\$4,145
Payroll withholdings payable	3,415		3,415
Due to other funds	157,445	9,899	167,344
Total Liabilities	164,158	10,833	175,091
Fund Equity:			
Fund Balance - unreserved - undesignated	32,208	(3,225)	28,983
TOTAL LIABILITIES AND FUND EQUITY	\$196,366	\$6,608	\$202,974

**IRIVILLE PARISH HOSPITAL,
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
SPECIAL REVENUE FUNDS**

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2003

	FAMILY CLINIC FUND	WELLNESS CENTRE FUND	TOTAL
REVENUES			
Fees, charges, and commissions for services	\$810,645	\$93,643	\$904,289
Other revenue	948		948
Use of money and property	34		34
Total revenues	<u>\$811,627</u>	<u>\$93,643</u>	<u>\$905,270</u>
EXPENDITURES			
Health and welfare:			
Curses:			
Personal services	437,604	99,327	536,931
Operating services	363,052	34,723	397,775
Materials and supplies	58,785	2,393	61,178
Total expenditures	<u>859,441</u>	<u>136,443</u>	<u>995,884</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(48,056)	(42,802)	(90,858)
OTHER FINANCING SOURCE			
Opening transfer in		31,685	31,685
EXCESS OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	(48,056)	(11,117)	(59,173)
FUND BALANCES AT BEGINNING OF YEAR	<u>80,312</u>	<u>(3,311)</u>	<u>77,001</u>
FUND BALANCES AT END OF YEAR	<u>\$32,256</u>	<u>(\$2,248)</u>	<u>\$30,008</u>

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcade, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended December 31, 2003

COMPENSATION PAID COMMISSIONERS

The commissioners of Hospital Service District No. 2 receive \$40 for each meeting of the board of commissioners which they attend. The board of commissioners normally meets once each month.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arzooia, LouisianaSchedule of Compensation Paid Commissioners
For the Year Ended December 31, 2000

Don Macken	\$400
Layne Woods	400
Loreta Butler	400
Otha Green	400
Gary Gauri	400
Shirley Payne	400
Arthur Lathan	400
Total	<u>\$2,800</u>

**Independent Auditor's Report Required
by Government Auditing Standards**

The following Independent Auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of Government Auditing Standards issued by the Comptroller General of the United States and the *Legislative Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting

BY: TERRY LITTLE, CPA
CHARLES H. BRADSHAW, JR., CPA

BOARD OF COMMISSIONERS
BIBBVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana

We have audited the general purpose financial statements of the Bibbville Parish Hospital Service District No. 2, a component unit of the Bibbville Parish Police Jury, as of and for the year ended December 31, 2003 and have issued our report dated June 24, 2004. We conducted our audit in accordance with U. S. 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 Bibbville Parish Hospital Service District No. 2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards* and are identified as Finding 03-01 and 03-02 in the accompanying schedule of findings and questioned costs.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bibbville Parish Hospital Service District No. 2's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and are 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. 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 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 over financial reporting and its operation that we consider to be material weaknesses.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arvada, Louisiana
Independent Auditors' Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 2003

This report is intended solely for the information and use of the Bienville Parish Hospital Service District No. 2, management of the clerk's office, and Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Settle & Associates

Monroe, Louisiana
June 24, 2004

**BIENVILLE PARISH HOSPITAL,
SERVICE DISTRICT NO. 2
Arcadia, Louisiana**

*Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003*

A. SUMMARY OF AUDIT RESULTS

1. The Auditors' report expresses an unqualified opinion on the general purpose financial statements of Bienville Parish Hospital Service District No. 2.
2. Two instances of noncompliance material to the financial statements of Bienville Parish Hospital Service District No. 2 were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

60-61. Need to Comply with Louisiana Local Government Budget Act

Finding: The agency did not legally adopt budgets for the general fund and the special revenue funds. The accountant utilized a budget, however, the budget was not adopted by the board of commissioners by December 31, 2003. Louisiana Revised Statutes (LRS) 79:1300-1308 require the district to adopt a budget for the general fund and all special revenue funds by December 31, 2003. Consequently, because the budget was not legally adopted, no comparison is shown for the special revenue funds, and fifty percent of the budgeted amounts for 2003 general fund were appropriated for the 2003 general fund budget amounts in accordance with state law.

Recommendation: In the future, the district should adopt a budget for all funds required by the statute. It has been noted that the district did adopt 2004 budgets for the general fund and special revenue funds in a timely manner.

60-62. Board Minutes Not Published

Findings: The Bienville Parish Hospital District No. 2 did not publish the minutes of the meetings of its Board of Commissioners. In accordance with Attorney General Opinion No. 94-133(A), by definition, hospital service districts are political subdivisions of the state. Therefore, a hospital service district must publish the minutes of such meetings.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arnaud, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003

B. FINDINGS - FINANCIAL STATEMENTS AUDIT - CONTINUED

Recommendation: In the future, Bienville Parish Hospital Service District No. 2 should publish the minutes of its meetings of its Board of Commissioners as required by state law and opinions of the Attorney General.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2003

02-1. Need to Comply with Louisiana Local Government Budget Act

Finding: The agency did not adopt a budget for the special revenue funds. The accountant utilized a budget, however, the budget was not adopted by the board of commissioners.

Status: A budget was not legally adopted for the special revenue funds as noted in finding 02-01. It has been noted that the district did adopt 2004 budgets for the special revenue funds in a timely manner.

Bienville Parish Hospital Service District #2

P. O. Box 788

Arcadia, Louisiana 71901

318-263-7870 Fax: 318-263-2008

CORRECTIVE ACTION PLAN

The following is Bienville Parish Hospital Service District No. 2's response to the compliance findings reported in its 2003 audit.

Finding 03-01

The agency did not legally adopt budgets for the general fund and the special revenue funds.

Corrective Action:

Although the 2003 budgets were not legally adopted by December 31, 2003, the Bienville Parish Hospital Service District No. 2 did adopt 2004 budgets for its general fund and special revenue funds in a timely manner.

Finding 03-02

The minutes of the meetings of the Board of Commissioners of Bienville Parish Hospital Service District No. 2 were not published in the local newspaper.

Corrective Action:

Bienville Parish Hospital Service District No. 2 will begin publishing the minutes of the meetings of the Board of Commissioners beginning with the regularly scheduled Board Meeting in July 2004. The minutes will be published in the local newspaper.

Sincerely,



Donna E. Anglin

Administrator