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

FINANCIAL STATEMENTS

DECEMBER 31, 2009, AND 2008

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 7/14/10

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MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
DECEMBER 31, 2009

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INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
Madison Parish Hospital Service District
Tallulah, Louisiana**

I have audited the accompanying basic financial statements of Madison Parish Hospital Service District, Tallulah, Louisiana, (the District) a component unit of Madison Parish Police Jury as of and for the years ended December 31, 2009, and 2008, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of the Madison Parish Hospital Service District, Tallulah, Louisiana as of December 31, 2009, and 2008, and the results of its operations, change in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 10, 2010, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Independent Auditor's Report
Page Two

Management's discussion and analysis on pages 4 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted primarily of Inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



Tallulah, Louisiana
June 10, 2010

REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis
December 31, 2009

This section of the District's annual financial report presents background information and management's analysis of the District's financial performance during the fiscal year that ended on December 31, 2009. Please read it in conjunction with the financial statements in this report.

Financial Highlights

The District had an increase in net assets of \$242,949.

The District's total assets increased by approximately \$653,211.

The District's total liabilities increased by approximately \$410,262.

The net patient services revenue (net of bad debts) increased approximately \$938,202, from the prior year's net patient services revenue of \$14,432,139.

Required Financial Statements

The basic financial statements of the District report information about the District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Balance Sheets include all of the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Assets. This statement measures improvements in the District's operations over the past year and can be used to determine whether the District has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash from operations, investing and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

The Balance Sheets and the Statements of Revenues, Expenses, and Changes in Net Assets report about the District's activities. These two statements report the net assets of the District and changes in them. Increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, other non financial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

Net Assets

A summary of the District's Balance Sheets are presented in Table 1 below:

**Table 1
Condensed Balance Sheets**

	2009	2008	\$ Change	% Change
Total current assets	\$ 4,726,449	\$ 3,730,749	\$ 995,700	26.69%
Capital assets - net	2,499,092	2,841,581	(342,489)	-12.05%
Total assets	7,225,541	6,572,330	653,211	9.94%
Current liabilities	2,838,765	2,295,815	542,950	23.65%
Long-term debt	592,571	803,691	(211,120)	-26.27%
Deferred revenue	1,437,585	1,359,153	78,432	5.77%
Total liabilities	4,868,921	4,458,659	410,262	9.20%
Invested in capital assets net of related debt	1,688,195	1,821,403	(133,208)	-7.31%
Unrestricted net assets	668,425	292,268	376,157	128.70%
Total net assets	2,356,620	2,113,671	242,949	11.49%
Total liabilities and net assets	\$ 7,225,541	\$ 6,572,330	\$ 653,211	9.94%

As can be seen in Table 1, total assets increased by \$653,211 in 2009, up from \$6,572,330 in 2008, to \$7,225,541 in 2009. Total liabilities increased \$410,262. The related change in net assets was an increase of \$242,949. The change in total net assets resulted from a net profit for the current year.

Summary of Revenue, Expenses and Changes in Net Assets

The following table presents a summary of the District's historical revenues and expenses for each of the years ended December 31, 2009, and 2008.

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

**Table 2
Condensed Statements of Revenue, Expenses, and
Changes in Net Assets**

	2009	2008	\$ Change	% Change
Revenue:				
Net patient service revenue	\$15,268,792	\$14,303,098	\$ 965,694	6.75%
Operating expenses				
Bad debts	2,155,014	1,785,616	369,398	20.69%
Depreciation	386,990	316,704	70,286	22.19%
All other expenses	14,442,802	14,681,533	(238,731)	-1.63%
Total operating expenses	16,984,806	16,783,853	200,953	1.20%
Operating income (loss)	(1,716,014)	(2,480,755)	764,741	30.83%
Non-operating income (expense)				
Interest expense	(130,197)	(64,954)	(65,243)	-100.44%
Interest income	7,597	52,663	(45,066)	-85.57%
Ad valorem taxes	1,193,229	900,224	293,005	32.55%
Sales tax	740,643	705,523	35,120	4.98%
Other	147,691	173,708	(26,017)	-14.98%
Total non-operating income (expense)	1,958,963	1,767,164	191,799	10.85%
Excess of Revenues (Expenses)	242,949	(713,591)	956,540	-134.05%
Net Assets - Beginning of year	2,113,671	2,827,262	(713,591)	-25.24%
Net Assets - End of year	\$ 2,356,620	\$ 2,113,671	\$ 242,949	11.49%

Sources of Revenue

Operating Revenue

During the year 2009, the District derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payers, who receive care in the District's facilities. Reimbursement for the Medicare and Medicaid programs and the third-party payers is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes cafeteria sales, grant revenue, vending machines, and rental income.

Non-operating Revenue

The non-operating revenue consists primarily of ad valorem taxes, sales taxes, State Revenue sharing and interest income.

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

Capital Assets

During the year 2009, the District invested \$44,500 in capital assets included in Table 3 below.

**Table 3
Capital Assets**

	2009	2008	\$ Change	% Change
Land	\$ 152,094	\$ 152,094	\$ -	0.00%
Buildings and improvements	3,926,631	3,916,781	9,850	0.25%
Equipment	3,867,187	3,843,037	24,150	0.63%
Construction in progress	10,500	-	10,500	100.00%
Total	7,956,412	7,911,912	44,500	0.56%
Less: accumulated depreciation	<u>(5,457,320)</u>	<u>(5,070,331)</u>	<u>(386,989)</u>	<u>-7.63%</u>
Net property, plant, and equipment	<u>\$2,499,092</u>	<u>\$2,841,581</u>	<u>\$ (342,489)</u>	<u>-12.05%</u>

Long-term Debt

At year end, the District had six long-term debts. The details of these debts are as follows.

- 1) Equipment note with a principal balance of \$53,578 at December 31, 2009, payable in monthly installments of 5,058, secured by equipment.
- 2) Equipment note with a principal balance of \$79,147 at December 31, 2009, payable in monthly installments of \$2,557, secured by equipment.
- 3) Bonds payable of \$336,000, payable over ten years with interest at 5.16%.
- 4) A capital lease with a principal balance of \$264,142 at December 31, 2009, payable in monthly installments of \$6,925, secured by equipment.
- 5) A capital lease with a principal balance of \$42,206 at December 31, 2009, payable in monthly installments of \$1,111, secured by equipment.
- 6) A capital lease with a principal balance of \$35,824 at December 31, 2009, payable in monthly installments of \$703, secured by equipment.

Contacting the District's Financial Manager

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Madison Parish Hospital Service District, Tallulah, Louisiana.

BASIC FINANCIAL STATEMENTS

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
BALANCE SHEETS
AS OF DECEMBER 31, 2009, AND 2008**

Assets	2009	2008
Current Assets:		
Cash and cash equivalents	\$ 2,072,048	\$ 1,553,435
Accounts receivable - net of allowance for bad debts and contractual adjustments	2,262,095	1,478,967
Estimated third-party payer settlements	9,554	176,032
Inventory	268,258	364,453
Prepaid expenses	114,494	157,862
Total Current Assets	4,726,449	3,730,749
Non Current Assets:		
Property, plant, and equipment, net of depreciation	2,499,092	2,841,581
Total Assets	7,225,541	6,572,330
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	1,944,860	1,778,827
Accrued expenses and withholding payable	305,649	300,501
Estimated third - party settlements	369,930	-
Current maturities of long-term debt	218,326	216,487
Deferred revenue	1,437,585	1,359,153
Total Current Liabilities	4,276,350	3,654,968
Long-term debt, net of current maturities	592,571	803,691
Total Liabilities	4,868,921	4,458,659
Net Assets:		
Invested in capital assets, net of related debt	1,688,195	1,821,403
Unrestricted net assets	668,425	292,268
Total Net Assets	2,356,620	2,113,671
Total Liabilities and Net Assets	\$ 7,225,541	\$ 6,572,330

The accompanying notes are an integral part of this financial statement.

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008**

	<u>2009</u>	<u>2008</u>
Revenue		
Net patient service revenue	\$ 15,268,792	\$ 14,303,098
Other operating revenue	101,549	129,041
Total Revenue	<u>15,370,341</u>	<u>14,432,139</u>
Expenses		
Salaries and benefits	9,194,071	9,078,275
Medical supplies and drugs	1,008,431	873,363
Professional fees	1,774,105	1,596,834
Operating supplies	355,112	417,190
Equipment rent	60,412	80,620
Insurance	182,751	300,636
Repairs	605,032	777,056
Depreciation	386,990	316,704
Provision for bad debt	2,155,014	1,785,616
Other expenses	1,262,888	1,557,559
Total Expenses	<u>16,984,806</u>	<u>16,783,853</u>
Operating Income (Loss)	<u>(1,614,465)</u>	<u>(2,351,714)</u>
Non-operating Revenue and Expense		
Interest income	7,597	52,663
Interest expense	(130,197)	(64,954)
Ad valorem tax revenue	1,193,229	900,224
Sales tax revenue	740,643	705,523
State revenue sharing	32,349	23,201
Other	13,793	21,466
Total Non-operating Revenue and Expense	<u>1,857,414</u>	<u>1,638,123</u>
Excess (Deficiency) of Revenues over Expenses	242,949	(713,591)
Net Assets - Beginning of year	<u>2,113,671</u>	<u>2,827,262</u>
Net Assets - End of year	<u>\$ 2,356,620</u>	<u>\$ 2,113,671</u>

The accompanying notes are an integral part of this financial statement.

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008

	2009	2008
Cash flows from operating activities:		
Cash received from patients and third party payers	\$ 13,280,005	\$ 11,824,333
Other receipts from operations	101,549	129,041
Cash payouts to employees and for employee related cost	(9,188,923)	(9,013,659)
Cash payments for other operating expenses	(4,943,135)	(5,082,320)
Net cash provided (used) by operating activities	(750,504)	(2,142,605)
Cash flows from investing activities and non-operating revenue:		
Other income	13,793	21,466
Interest income	7,597	52,663
Ad valorem and sales tax	1,631,705	1,327,963
Net cash provided by investing and non-operating activities	1,653,095	1,402,092
Cash flows from capital and related financing activities:		
Interest expense	(130,197)	(64,954)
Principle payments on long-term debt	(209,281)	(208,749)
Acquisition of property, plant, and equipment	(44,500)	(707,802)
Net cash provided (used) by capital and related financing activities	(383,978)	(981,505)
Net increase (Decrease) in cash and cash equivalents	518,613	(1,722,018)
Beginning cash and cash equivalents	1,553,435	3,275,453
Ending cash and cash equivalents	2,072,048	1,553,435
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	130,197	64,954
Equipment purchased during the year by execution of capital lease	-	530,895
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	(1,614,465)	(2,351,714)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	386,990	316,704
Decrease (Increase) in patient accounts receivable	(448,612)	(60,495)
Decrease (Increase) in cost reports receivable	166,478	(41,048)
Decrease (Increase) in inventory	96,195	(91,883)
Decrease (Increase) in prepaid assets	43,368	65,336
Increase (Decrease) in accounts payable and accrued expense	171,180	612,101
Increase (Decrease) in deferred income	78,432	(252,671)
Increase (Decrease) in cost report payable	369,930	(338,935)
Net cash provided (used) by operating activities	\$ (750,504)	\$ (2,142,605)

The accompanying notes are an integral part of this financial statement.

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009, AND 2008**

NOTE 1 - ORGANIZATION AND OPERATION

The Madison Parish Hospital Service District, Tallulah, Louisiana (the District) was created by the Police Jury of Madison Parish, Louisiana of which it is a component unit. It was created under the provisions of Subsection d-2 of Section 14 Article XIV. The District provides hospital facilities for the public primarily located in Madison Parish, Louisiana.

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

Nature of Business

The District provides outpatient, emergency, and inpatient hospital services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The District utilizes the proprietary fund method of accounting, whereby revenues and expenses are recognized on the accrual basis. Under the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America for proprietary fund types, substantially all revenues and expenses are subject to accrual.

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009, AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:514, and to the guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants.

Cash

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits with original maturities of 90 days or less. These deposits are stated at cost, which approximates market. Under state law, the 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.

Receivables

The District grants credit without collateral to its patients, most of whom are local residents and are insured under third party agreements. Receivables are stated at the full value of charges incurred by the patient. An allowance has been provided for the estimated uncollectible accounts and for third-party contractual adjustments at year-end. Receivables are written off as the accounts are determined to be uncollectible. The District does not charge interest on past due accounts.

Uncollectible amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectability of the particular receivable.

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009, AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Inventory

Inventories represent medical and dietary supplies to be used in the future and are valued at the latest invoice price, which approximates the lower of cost (first-in, first-out method) or market.

Prepaid Items

Prepaid expenses are amortized on a straight-line basis over the period of the respective items. The prepaid items consist mainly of insurance premiums.

Property, Plant and Equipment

Fixed assets of the District are recorded at cost and included on the balance sheet. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method over their estimated useful lives. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

The following estimated useful lives are generally used.

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

Patient Services

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payers. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or are no longer subject to such audits, reviews, and investigations, and as final settlements are determined.

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009, AND 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The District participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The District is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual costs reports by the District and audits thereof by the Medicare/Medicaid fiscal intermediary. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

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

In 2009, approximately 72.44% of the Hospital's patient revenues were generated by services furnished to Medicare and Medicaid program beneficiaries.

Compensated Absences

Employees of the District are entitled to paid vacation and sick days depending on length of service and other factors. Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees for services already rendered and is probable that the District will compensate the employees for the benefits. No liability is recorded for non-vesting accumulated pay benefits.

Estimates

The preparation of the financial statements in conformity with U. S. Generally Accepted Accounting Principles requires management to make assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illness; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters.

The District is a member of the Louisiana Patient's Compensation Fund for the purpose of malpractice insurance. All participating hospitals share proportionately in the expense of the fund.

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009, AND 2008

NOTE 3 - CASH

Under state law, cash deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agency 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, 2009, the District has \$2,263,862 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposits insurance and \$2,163,862 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES

The receivables of the District are as follows:

	<u>2009</u>	<u>2008</u>
Taxes:		
Ad valorem	\$ 1,173,031	\$ 869,088
Sales	44,208	36,089
Other governments	40,451	17,997
Patient receivables	5,152,374	4,867,498
Allowance and contractals	<u>(4,147,969)</u>	<u>(4,311,705)</u>
 Total	 <u>\$ 2,262,095</u>	 <u>\$ 1,478,967</u>

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009, AND 2008**

NOTE 5 - CHANGES IN GENERAL FIXED ASSETS

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

	January 1, 2009	Additions	Retirements	December 31, 2009
Land	\$ 152,094	\$ -	\$ -	\$ 152,094
Buildings and improvements	3,916,781	9,850	-	3,926,631
Furniture and equipment	3,843,037	24,150	-	3,867,187
Construction in progress	-	10,500	-	10,500
Total	7,911,912	44,500	-	7,956,412
Accumulated depreciation	<u>(5,070,331)</u>	<u>(386,989)</u>	<u>-</u>	<u>(5,457,320)</u>
Net property, plant, and equipment	<u>\$ 2,841,581</u>	<u>\$ (342,489)</u>	<u>\$ -</u>	<u>\$ 2,499,092</u>

NOTE 6 - LONG-TERM DEBT

Long-term debt consists of the following:

	2009	2008
A capital lease, bearing 7.5% interest, collateralized by equipment, payable in monthly installments of \$5,058, for 60 months.	\$ 53,578	\$ 108,019
A capital lease, bearing 7.5% interest, collateralized by equipment, payable in monthly installments of \$2,557, for 60 months.	79,147	101,271
Bonds Payable - \$400,000 of bonds payable over 10 years with interest at 5.16% per annum, secured by pledge of annual excess revenue.	336,000	369,000
A capital lease collateralized by equipment, payable in monthly installments of \$6,925 for 60 months.	264,142	346,264
A capital lease collateralized by equipment, payable in monthly installments of \$1,111 for 60 months.	42,206	55,534
A capital lease collateralized by equipment, payable in monthly installments of \$794 for 60 months.	<u>35,824</u>	<u>40,090</u>
Total long - term debt	810,897	1,020,178
Less current maturities	<u>(218,326)</u>	<u>(216,487)</u>
Net long - term debt	<u>\$ 592,571</u>	<u>\$ 803,691</u>

As of December 31, 2009, annual maturities of long-term debt for the next years as follows:

2010	\$ 218,326
2011	168,532
2012	171,450
2013	67,589
2014	43,000
2015-18	<u>142,000</u>
Total	<u>\$ 810,897</u>

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009, AND 2008**

NOTE 8 - LEASES

Operating Lease

During 2005, the District entered into a lease with a medical doctor for utilization of an office building the District owns. This operating lease is for a term of five years, terminating in July 2010.

NOTE 9 - CONTINGENCIES

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

The principle contingencies are described below:

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

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, privacy, government healthcare program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009, AND 2008**

NOTE 9 - CONTINGENCIES (cont.)

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

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

NOTE 10 - CLINIC

During 2008, the District entered into a two year contract with a doctor to operate a rural health clinic for the Hospital.

SUPPLEMENTARY INFORMATION

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
SCHEDULE OF NET PATIENT SERVICE REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008**

	2009			2008
	In-Patient	Out Patient	Total	
Gross Revenue				
Nursing Service	\$ 739,075	\$ -	\$ 739,075	\$ 859,628
Geropsychiatric Unit	-	2,861,202	2,861,202	2,467,150
Pharmacy	1,489,850	474,838	1,964,688	1,925,997
Radiology	387,667	959,579	1,347,246	1,319,036
Laboratory	962,418	1,315,284	2,277,702	2,227,850
Medical Supplies	73,947	46,100	120,047	132,346
EKG	241,588	143,991	385,579	408,322
EKG - Physicians Fees	64,822	37,605	102,427	106,805
IV Therapy	490,130	536,317	1,026,447	1,010,646
Nuclear Medicine	154,698	160,241	314,939	219,573
EEG	7,820	2,310	10,130	13,955
Inhalation Therapy	1,184,159	113,802	1,297,961	1,540,303
Inhalation Therapy - Physician Fees	275	1,300	1,575	2,335
Ultrasound	112,258	139,691	251,949	146,701
Emergency Room	317,685	2,068,389	2,386,074	1,957,906
Emergency Room Physician Fees	124,150	740,992	865,142	827,376
Rural Health Clinic	-	414,347	414,347	162,924
Medical Clinic	-	79,662	79,662	85,505
Patient Service Revenue	<u>\$6,350,542</u>	<u>\$ 10,095,650</u>	16,446,192	15,414,358
Uncompensated Care Reimbursement			<u>2,755,090</u>	<u>3,049,778</u>
Total			<u>19,201,282</u>	<u>18,464,136</u>
Deduction from Revenue:				
Medicare and Medicaid Contractual Adjustment			2,886,242	3,297,815
Other			1,046,248	863,223
Total			<u>3,932,490</u>	<u>4,161,038</u>
Net Patient Revenue			<u>\$ 15,268,792</u>	<u>\$ 14,303,098</u>

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
SCHEDULE OF OTHER REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008**

	<u>2009</u>	<u>2008</u>
Vending machines	\$ -	\$ 796
Employee and guest meals	32,855	35,144
Medical record transcript fees	1,752	435
Room rent - Cat scan	3,200	3,200
Grants	<u>63,742</u>	<u>89,466</u>
 Total Other Operating Revenues	 <u>\$ 101,549</u>	 <u>\$ 129,041</u>

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
SCHEDULE OF SALARIES & BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008**

	<u>2009</u>	<u>2008</u>
Administrative	\$ 185,803	\$ 173,389
Data processing	90,734	86,270
Outpatient services	168,202	186,985
Business office	203,011	221,529
Dietary	108,626	113,520
Housekeeping	79,018	95,939
Maintenance	185,103	179,828
Nursing	1,725,230	1,689,901
Emergency room	454,091	478,459
Pharmacy	186,107	177,515
Medical records	176,916	169,040
Gero unit	430,839	385,699
Radiology	231,830	236,055
Laboratory	497,179	543,929
EKG	284,912	329,300
Inhalation therapy	132,803	148,366
Nuclear medicine	104,318	104,872
Ultrasound	84,662	81,550
Purchasing	49,120	53,831
Security	40,555	40,607
Medical Clinic	328,025	332,154
Rural Health Clinic	462,429	288,738
Employee benefits	<u>2,984,558</u>	<u>2,960,799</u>
Total	<u><u>\$ 9,194,071</u></u>	<u><u>\$ 9,078,275</u></u>

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
SCHEDULE OF PROFESSIONAL FEES
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008

	<u>2009</u>	<u>2008</u>
Nursing	\$ 51,895	\$ 36,950
Emergency room	1,068,270	1,006,594
Pharmacy	72,000	78,000
Radiology	502,565	386,258
Laboratory	24,000	22,000
EKG	50,060	59,590
Inhalation therapy	615	1,120
EEG	4,700	6,322
	<u> </u>	<u> </u>
Total	<u>\$ 1,774,105</u>	<u>\$ 1,596,834</u>

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
SCHEDULE OF OTHER EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008**

	<u>2009</u>	<u>2008</u>
Contract services	\$ 603,374	\$ 628,911
Collection fees	12,673	12,960
Director fees	6,000	6,450
Legal and accounting	33,312	29,583
Clerical assistance	12,078	12,140
Utilities	120,906	162,367
Telephone	55,652	60,917
Travel	30,853	39,243
Education and training	43,789	75,347
Advertising	23,308	57,951
Dues and subscriptions	2,575	88,954
Waste disposal	66,421	70,345
Medical Clinic	71,576	98,282
Nursing scholarship	44,000	34,000
Rural Health Clinic	109,821	102,625
Other	26,550	77,484
	<u>\$ 1,262,888</u>	<u>\$ 1,557,559</u>
Total		

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
SCHEDULES OF COMPENSATION PAID TO BOARD COMMISSIONERS
FOR THE YEARS ENDED DECEMBER 31, 2009, AND 2008**

2009

<u>Commissioners</u>	<u>Number of Meetings Attended</u>	<u>Annual Compensation</u>
Johnny Ford	19	\$ 1,425
Hayward Fair	19	1,425
Myrtle Wyche	6	450
John H. Wilkins	18	1,350
Charles E. Weeks	18	1,350
Total		\$ 6,000

2008

<u>Commissioners</u>	<u>Number of Meetings Attended</u>	<u>Annual Compensation</u>
Johnny Ford	7	\$ 525
Hayward Fair	18	1,350
Myrtle Wyche	18	1,350
John H. Wilkins	18	1,350
Charles E. Weeks	18	1,350
Eugene T. Milton, Jr.	7	525
Total		\$ 6,450

OTHER REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's reports expresses an unqualified opinion on the annual financial statements of the Madison Parish Hospital Service District.
2. No instances of noncompliance material to the financial statements of the Madison Parish Hospital Service District were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED DECEMBER 31, 2009**

There were no prior audit findings and no management letter comments.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Madison Parish Hospital Service District
Tallulah, Louisiana

I have audited the financial statements of Madison Parish Hospital Service District, Tallulah, Louisiana, as of and for the years ended December 31, 2009, and 2008, and have issued my report thereon dated June 10, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Madison Parish Service District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madison Parish Hospital Service District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Madison Parish Hospital Service District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Madison Parish Hospital Service District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Board of Commissioners
Madison Parish Hospital Service District

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However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Madison Parish Hospital Service District, management, others within the organization, and applicable State Auditors 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.



Tallulah, Louisiana
June 10, 2010