

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

Financial Statements
For the Years Ended June 30, 2019 and 2018

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

Table of Contents
As of and for the Years Ended June 30, 2019 and 2018

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Required Supplementary Information	
Management's Discussion & Analysis (unaudited)	4
Basic Financial Statements	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
Notes to the Financial Statements	11
Supplementary Information	
Schedule of Per Diem Paid Board Members	22
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	23
Reports Required by Government Auditing Standards	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24
Schedule of Findings and Questioned Costs	26



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Keeping you on course!

INDEPENDENT AUDITORS' REPORT

**The Board of Commissioners
G. B. Cooley Hospital Service District
Monroe, Louisiana**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of **G.B. Cooley Hospital Service District** (the Hospital), as of and for the years ended June 30, 2019 and 2018 and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Hospital, as of June 30, 2019 and 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4–6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hospital's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Per Diem Paid Board Members and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2020, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

May 8, 2020

REQUIRED SUPPLEMENTARY INFORMATION

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

Management's Discussion and Analysis
For the Years Ended June 30, 2019 and 2018

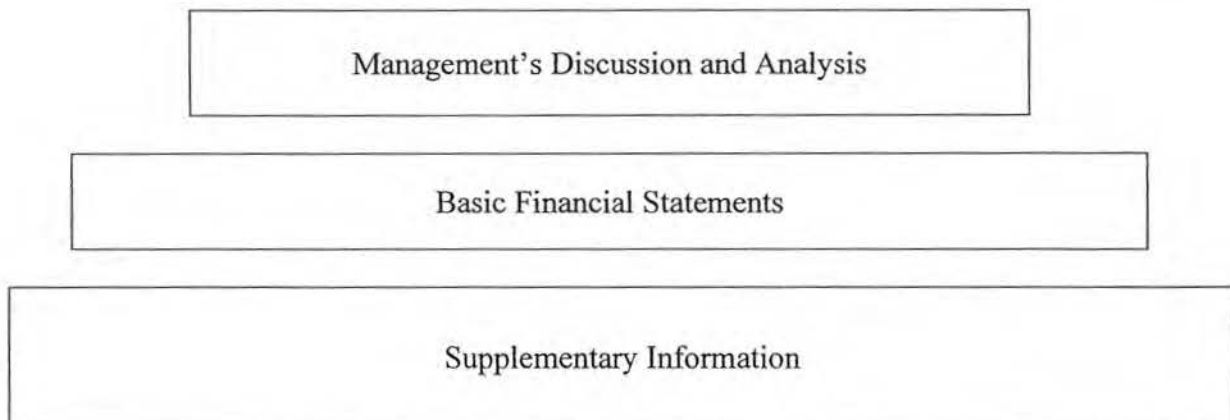
Our discussion and analysis of G. B. Cooley Hospital Service District's (the Hospital) financial performance provides an overview of the Hospital's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Hospital's basic financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- The Hospital's total net position (that is the amount by which total assets exceed liabilities) was in the amount of \$12,077,889 at the close of fiscal year 2019, which represents a \$565,016 (or a 5%) increase from last year.
- The Hospital's operating revenue is generated primarily by state grants and is based on each client's Inventory for Client and Agency Planning (ICAP) daily rate. Operating revenue is generally subject to the number of residents housed and the level of care required and can fluctuate but is generally consistent from year to year. The Hospital's operating revenues decreased by \$48,755.
- The Hospital's nonoperating revenues consist primarily of ad valorem tax (89%), interest income (6%), and other income (5%). Ad valorem tax revenue is related to taxes on property in Ouachita Parish and collected by the Ouachita Parish Sheriff. Interest income is based on market rates established by financial institutions.
- The Hospital's operating expenses decreased by \$179,572 (or 1.46%) from \$12,325,937 last fiscal year to \$12,146,365 this fiscal year primarily as a result of decreases in salaries and benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

The graphic below illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by the Governmental Accounting Standards Board in GASB 34, Basic Financial Statements-and Management's Discussion and Analysis.



This financial report consists of two sections – Management's Discussion and Analysis (this section), the basic financial statements (including the related notes to the financial statements), and required supplementary information, as may be applicable. Other than the MD&A, in the Hospital's case, there is no required supplementary information applicable.

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

Management's Discussion and Analysis
For the Years Ended June 30, 2019 and 2018

Basic Financial Statements

The basic financial statements present information for the Hospital as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows.

The Statements of Net Position presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Hospital is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position presents information showing how the Hospital's position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statements presents information showing how the Hospital's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method. It includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (the "indirect method") as required by GASB 34.

FINANCIAL ANALYSIS OF THE HOSPITAL AS A WHOLE

STATEMENT OF NET POSITION

	Total		% Change
	2019	2018	
Current and Other Assets	\$ 7,801,081	\$ 7,029,995	10.97%
Noncurrent Assets	5,218,404	5,259,228	-0.78%
Total Assets	13,019,485	12,289,223	
Current and Other Liabilities	662,353	749,698	-11.65%
Long-Term Obligations	279,243	26,642	948.13%
Total Liabilities	941,596	776,340	
Net Position			
Net Investment in Capital Assets	5,100,835	5,009,537	1.82%
Restricted Debt Service	1,791	16,918	-89.41%
Unrestricted	6,975,263	6,486,428	7.54%
 Total Net Position	 \$ 12,077,889	 \$ 11,512,883	 4.91%

Unrestricted net position represents excess amounts that do not have any specified limitation on what they may be used for, therefore, the net position is available for future operations. Net Position increased by \$565,016 from June 30, 2018 to June 30, 2019. The Board planned for changes in operations through the budget process.

G. B. COOLEY HOSPITAL SERVICE DISTRICT
 Monroe, Louisiana
Management's Discussion and Analysis
 For the Years Ended June 30, 2019 and 2018

	Total	
	2019	2018
Operating Revenues	\$ 10,898,263	\$ 10,947,018
Operating Expenses	12,146,365	12,325,937
Operating Loss	(1,248,102)	(1,378,919)
Nonoperating Revenues and Expenses	1,813,118	1,604,807
Increase in Net Assets	\$ 565,016	\$ 225,888

Operating revenues decreased by \$48,755 while operating expenses decreased by \$179,572. Nonoperating revenues and expenses increased by \$208,311. Operating expenses decreased the most in salaries and benefits (\$198,981).

CAPITAL ASSETS AND DEBTS

Capital Assets

At June 30, 2019, there was a book balance of \$5,100,835 (that is a balance of \$10,143,527 net of accumulated depreciation of \$5,042,691) invested in capital assets that consisted of land, buildings, vehicles, equipment, and furniture and fixtures. There was \$653,322 in additions to furniture, fixtures and equipment, and vehicles and \$271,457 in disposals of assets.

Debts

The Hospital has outstanding obligations relating to compensated absences (accrued vacation, sick, and compensatory leave) and capital leases of vehicles and equipment. All are described in the notes to the financial statements.

CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Hospital's executive officer at 211 North Third Street, Monroe, LA 71201.

BASIC FINANCIAL STATEMENTS

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

Statements of Net Position

	June 30,	
	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 6,262,062	\$ 5,510,464
Investments	237,496	234,240
Receivables	1,209,508	1,220,522
Prepaid and other assets	92,015	64,769
Total current assets	7,801,081	7,029,995
Restricted assets		
Cash-individuals fund accounts	115,778	124,963
Cash-debt service funds	1,791	16,918
Total restricted assets	117,569	141,881
Capital assets, net	5,100,835	5,117,347
Total assets	\$ 13,019,485	\$ 12,289,223
Liabilities and Net Position		
Current liabilities (payable from current assets)		
Accounts payable	\$ 175,157	\$ 187,174
Accrued payroll	159,669	151,096
Withholding and payroll taxes payable	59,821	44,565
Interest payable	62	62
Other liabilities	49,249	33,357
Accrued vacation and sick pay, current portion	7,204	7,639
Current portion of long-term obligations	95,475	88,807
Total current liabilities	546,575	624,735
Payable from restricted assets		
Individuals' funds liability	115,778	124,963
Total payable from restricted assets	115,778	124,963
Long-term liabilities		
Accrued vacation and sick pay, net of current portion	120,975	119,674
Long-term obligation, net of current portion	158,268	19,003
Total long-term liabilities	279,243	138,677
Total liabilities	941,596	776,340
Net position		
Net investment in capital assets	5,100,835	5,009,537
Restricted for debt service	1,791	16,918
Unrestricted	6,975,263	6,486,428
Total net position	\$ 12,077,889	\$ 11,512,883

The accompanying notes are an integral part of these financial statements.

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

**Statements of Revenues, Expenses
And Changes in Net Position
For the Years Ended**

	June 30,	
	2019	2018
Operating revenues		
Charges for services		
Intergovernmental revenues		
State of Louisiana		
Title XIX residential program	\$ 7,705,296	\$ 7,937,074
Title XIX waiver program	2,252,671	2,083,540
Total intergovernmental revenues	9,957,967	10,020,614
Private revenue		
Residential program	842,401	829,985
Other services revenues		
Employment services	97,895	96,419
Total operating revenues	10,898,263	10,947,018
Operating expenses		
Salaries	6,530,428	6,682,532
Payroll taxes and benefits	1,130,212	1,177,089
Supplies	488,116	457,917
Travel and mileage	161,313	170,109
Food	345,996	353,479
Facility	1,105,191	1,142,505
Insurance	463,704	446,952
Professional fees	1,380,723	1,387,631
Depreciation	540,682	507,723
Total operating expenses	12,146,365	12,325,937
Operating loss	(1,248,102)	(1,378,919)
Nonoperating revenues and expenses		
Ad valorem tax revenues	1,613,905	1,544,704
Interest income	116,285	9,396
Interest expense	(7,444)	(6,662)
Rental income	12,000	12,000
Miscellaneous income	39,444	45,369
Gain on disposal of property and equipment	38,928	-
Excess of nonoperating revenues		
Over nonoperating expenses	1,813,118	1,604,807
Changes in net position	565,016	225,888
Net position at beginning of year	11,512,883	11,286,995
Total net position at end of year	\$ 12,077,899	\$ 11,512,883

The accompanying notes are an integral part of these financial statements.

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

Statements of Cash Flows
For the Years Ended

	June 30,	
	2019	2018
Cash flow from operating activities		
Cash received from intergovernmental agencies	\$ 9,972,440	\$ 9,974,216
Cash received from patients and others	946,113	934,292
Payments to employees for services and benefits	(7,620,051)	(7,836,317)
Payments to suppliers	(3,990,128)	(3,980,814)
Net cash flow used by operating activities	(691,626)	(908,623)
Cash flow from noncapital financing activities		
Tax revenues	1,604,629	1,549,582
Miscellaneous income	100,149	45,370
Net cash flow provided by noncapital financing activities	1,704,778	1,594,952
Cash flow from capital and related financing activities		
Proceeds from sale of assets	48,080	-
Insurance recoveries	21,560	-
Purchases of property, plant and equipment	(624,665)	(546,909)
Proceeds from the issuance of debt	291,280	-
Cash paid for interest	7,382	(6,744)
Payment on long term obligations	(145,346)	(216,737)
Net cash flow used by capital and related financing activities	(401,709)	(770,390)
Cash flow from investing activities		
Purchase of investments	(3,257)	(1,697)
Rental income	12,000	12,000
Interest income	116,285	9,396
Net cash flow provided by investing activities	125,028	19,699
Increase (decrease) in cash and cash equivalents	736,471	(64,362)
Cash and cash equivalents at beginning of year	5,527,382	5,591,744
Cash and cash equivalents at end of year	\$ 6,263,853	\$ 5,527,382

The accompanying notes are an integral part of these financial statements.

Continued

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

Statements of Cash Flows (Concluded)
For the Years Ended

	June 30,	
	2019	2018
Reconciliation of operating loss		
to net cash provided (used) by operating activities		
Operating loss	\$ (1,248,102)	\$ (1,378,919)
Adjustments to reconcile operating loss to		
Net cash used by operating activities		
Depreciation	540,682	507,723
Change in current assets and liabilities		
Accounts receivable	14,473	(38,509)
Prepaid items	(27,246)	17,662
Accounts payable	(12,017)	(39,883)
Accrued payroll and related liabilities	23,829	11,156
Accrued vacation and sick leave payable	866	4,331
Other liabilities	15,889	7,816
Total adjustments	556,476	470,296
Net cash provided (used) by operating activities	\$ (691,626)	\$ (908,623)
 Cash and cash equivalents consist of the following:		
Current assets		
Cash and cash equivalents	\$ 6,262,062	\$ 5,510,464
Restricted assets		
Cash-debt service funds	1,791	16,918
Total cash and cash equivalents	\$ 6,263,853	\$ 5,527,382

The cash in the individuals funds accounts are considered agency accounts being held on behalf of the individuals and therefore are not included on the statements of cash flows

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, LA

Notes to the Financial Statements

June 30, 2019 and 2018

History

G. B. Cooley Hospital Service District (the Hospital) is a training facility that provides twenty-four hour care for individuals with mental disabilities. The Hospital was created April 11, 1962, by Ordinance Number 7127 of the Ouachita Parish Policy Jury. The Hospital provides all basic needs for each individual, including speech therapy, occupational therapy, physical therapy, psychological services, and vocational training services. The vocational training objective is to teach individuals vocational skills in order that they may be eligible for community employment. There are 134 beds across 17 group homes with 95.5% occupancy. The Hospital serves residents of Ouachita Parish for the length of their lifespan.

The Hospital is a component unit of the Ouachita Parish Police Jury because the Police Jury appoints the Board and there is the potential for the Hospital to provide specific financial benefits to or impose specific financial burdens on the Ouachita Parish Police Jury. Each member of the Board of Commissioners must be a qualified voter and resident of the Hospital Service District. The Board of Commissioners consists of seven members, each appointed to a six-year term. The members receive a travel allowance of \$100 per meeting attended.

Note 1 – Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The accompanying component unit financial statements of the Hospital have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Hospital uses the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. Certain revenue sources are subject to review and audit by state agencies annually; the results of those examinations cannot be known with certainty and can result in the Hospital having to repay the state if certain conditions are not met.

The Hospital distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an entity's principal ongoing operations. The Hospital's operating revenues primarily consist of charges for services rendered under the residential, waiver, and client employment programs. Operating expenses for the Hospital consist of amounts paid for wages and related benefits, contractual services, supplies used, equipment and facility maintenance and operations, client care needs, and other items directly or indirectly required for the provision of services. All revenues and expenses not

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, LA

Notes to the Financial Statements
June 30, 2019 and 2018

meeting the previously mentioned definitions are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, then unrestricted resources as they are needed.

B. Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. In conformance with GASB Codification Section 2100, the Hospital is a component unit of the Ouachita Parish Police Jury. The accompanying basic financial statements present only the transactions of G. B. Cooley Hospital Service District of the Parish of Ouachita, Louisiana.

C. Cash Equivalents

For purposes of the Statements of Cash Flows, the Hospital considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

D. Accounts Receivable

Receivables are primarily composed of amounts due from the State of Louisiana. The Hospital uses the direct write-off method for recognizing bad debts. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible. The difference between the use of the direct write-off method and the allowance method for accounting for bad debts is not material to the financial statements of the Hospital.

E. Capital Assets

Capital assets are recorded at cost, if purchased, or at fair market value, if donated and are capitalized if the cost is \$500 or greater and the expected life is at least two years.

The original land and buildings where the Hospital is operating are owned by the Ouachita Parish Police Jury and are leased to the Hospital. They are not recorded on the books. All improvements are reflected on the books, at cost, under leasehold improvements. The Hospital has acquired additional land and buildings, which are recorded on the books at cost.

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, LA

Notes to the Financial Statements
June 30, 2019 and 2018

The Hospital computes depreciation using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives used to compute depreciation are as follows:

Buildings	7 - 39 Years
Leasehold Improvements	5 - 15 Years
Furniture and Equipment	3 - 15 Years
Vehicles	4 - 4.5 Years

Maintenance and repairs are generally charged to operations while significant betterments are capitalized. The cost and related accumulated depreciation of assets retired, or otherwise disposed of, are eliminated from the accounts with the resulting gain or loss included in income.

F. Net Position

Net position comprises the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following three components:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation, reduced by any debt that is attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on net asset use by creditors, grantors, contribution, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other net assets that are not included in the other categories previously mentioned.

G. Reclassifications of Prior Year Amounts

Minor reclassifications have been made to the prior year financial statements to make them comparable to the current year presentation.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Hospital to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, LA

Notes to the Financial Statements
June 30, 2019 and 2018

Note 2 – Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments consisted of the following:

	June 30,	
	2019	2018
Current Assets		
Cash on Hand	\$ 3,094	\$ 3,094
Cash in Bank Checking and Savings Deposits	6,258,968	5,507,370
Restricted Cash - Debt Service	1,791	16,918
Restricted Cash - Individual Funds	115,778	124,963
Cash and Cash Equivalents	\$ 6,379,631	\$ 5,652,345
Investments	\$ 237,496	\$ 2,342,340

Custodial credit risk-deposits - At year-end, as reported on the Statements of Net Position, the book balances of the Hospital's deposits were \$6,376,537 and \$5,649,250 respectively. The Hospital's bank balances totaled \$6,633,684 at June 30, 2019 and \$5,675,706 at June 30, 2018. State law dictates that all funds maintained in financial institutions be supported by federal depository insurance or collateral held by the trust departments of agents of the pledging financial institutions in the Hospital's name. Of the previously mentioned bank balances, \$980,501, respectively, were covered by Federal depository insurance at June 30, 2019. The remaining \$5,653,183 at June 30, 2019, was covered by pledged collateral except for \$1,665 unsecured at June 30, 2019.

As dictated by state law, the Hospital may invest in long-term certificates of deposit or bonds, debentures, or other investments guaranteed by the United States government. The Hospital has no policy concerning the maximum amount or length of time that assets may be invested. Investments held by the Hospital at June 30, 2019 and 2018 consisted entirely of certificates of deposit with maturities greater than 90 days. The Hospital had investments of \$237,496 and \$234,240, respectively, stated at cost, which approximates market. These entire amounts were covered by Federal depository insurance as of June 30, 2019 and 2018.

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, LA

Notes to the Financial Statements
June 30, 2019 and 2018

Note 3 – Receivables

Receivables consisted of the following:

	June 30,	
	2019	2018
State of Louisiana		
Title XIX - Residential	\$ 644,909	\$ 648,497
Contractual Services	355,530	514,495
Individuals Patient Liability	-	4,689
Ad Valorem Taxes Receivable	21,400	21,802
Other Receivables	187,669	31,039
Total Receivables	\$ 1,209,508	\$ 1,220,522

Revenue from governmental agencies accounted for 91.4% of revenue and 85% of receivables in 2019 and 91.5% and 95%, respectively, in 2018.

Note 4 – Capital Assets

Capital Assets consisted of the following on June 30, 2019:

	June 30, 2018	Additions	Retirements	June 30, 2019
Buildings	\$ 4,725,499	\$ 18,063	\$ -	\$ 4,743,562
Furniture, Fixtures, and Equipment	1,384,379	63,211	(17,340)	1,430,250
Vehicles	1,267,494	316,780	(254,117)	1,330,157
Leasehold Improvements	2,091,266	135,267	-	2,226,533
Total Property and Equipment	9,468,637	533,321	(271,457)	9,730,502
Less: Accumulated Depreciation	(4,764,314)	(540,682)	262,305	5,042,691
Net Depreciable Assets	4,704,323	(7,361)	(9,152)	4,687,811
Land	413,025	-	-	413,025
Total Property and Equipment	\$ 5,117,347	\$ (7,361)	\$ (9,152)	\$ 5,100,835

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, LA

Notes to the Financial Statements
June 30, 2019 and 2018

Property and Equipment consisted of the following on June 30, 2018:

	June 30, 2017	Additions	Retirements	June 30, 2018
Buildings	\$ 4,597,098	\$ 128,401	\$ -	\$ 4,725,499
Furniture, Fixtures, and Equipment	1,270,219	114,160		1,384,379
Vehicles	1,267,494	-	-	1,267,494
Leasehold Improvements	1,786,918	304,348	-	2,091,266
Total Property and Equipment	8,921,729	546,909	-	9,468,637
Less: Accumulated Depreciation	(4,256,592)	(507,722)	-	(4,764,314)
Net Depreciable Assets	4,665,137	39,187	-	4,704,323
Land	413,025	-		413,025
Total Property and Equipment	\$ 5,078,161	\$ 39,187	\$ -	\$ 5,117,347

Depreciation expense was \$540,682 and \$507,722, for the years ended June 30, 2019 and 2018, respectively.

Note 5 – Risk Financing Activities

The Hospital contracts with a group insurance provider to provide health insurance to substantially all employees and their families. The Hospital contributes from 50% - 90% of premiums to the plan. Participants are covered up to a \$5,000,000 lifetime maximum. The Hospital contributed \$585,539 and \$641,108, respectively, to this plan for the years ended June 30, 2019 and 2018.

Note 6 – Restricted Cash

Per the terms of its bond agreement, further discussed in Note 9, G.B. Cooley Hospital Service District is required to maintain a sinking fund for the payment of bond principal and interest. The terms of the agreement require the Hospital to deposit the full amount of the principal and interest payment into the sinking fund at least one full day in advance of the date on which the payment is due. As of June 30, 2019, and 2018, the Hospital had deposited \$1,791 and \$16,918, respectively, into the sinking fund.

Also, the Hospital is required under Title XIX to maintain cash that is the property of the individuals for their personal use. The individuals' cash is reflected in restricted assets as cash-individuals' funds accounts on the statements of net position in the amounts of \$115,778 and \$124,963 at June 30, 2019 and 2018 respectively.

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, LA

Notes to the Financial Statements
June 30, 2019 and 2018

Balances in individual's fund accounts changed as follows:

	Individuals' fund account
Balance, July 1, 2017	\$ 137,236
Additions	964,741
Disbursements	(977,014)
Balance, June 30, 2018	\$ 124,963
Balance, July 1, 2018	\$ 124,963
Additions	1,051,892
Disbursements	(1,061,077)
Balance, June 30, 2019	\$ 115,778

Note 7 – Compensated Absences

Employees of the Hospital earn vacation pay in varying amounts ranging from 80 to 160 working hours per year depending upon length of service. Vacation time in excess of 60 hours must be used by December 31st of the year in which it was earned or it will be forfeited. Employees with a minimum of 24 hours of accrued vacation time are allowed to cash in up to 75% of their accrued vacation at any time during the year. Employees who are denied vacation because of their required presence at work are allowed to carry forward excess vacation upon recommendation of their supervisor and approval by the Director of Human Resources. Subject to the above limitations, unused vacation is paid to an employee upon retirement, separation, or death at hourly rates being earned by that employee upon separation. Both full-time and part-time employees accrue sick leave according to a written formula. Sick leave may be carried forward from year to year with no limit on the number of hours that can be accrued. Upon retirement, an eligible employee is paid vacation and up to 96 hours of sick leave at the employee's hourly rate of pay at the time of retirement. Any excess sick leave at the retirement date is forfeited. Employees are eligible for retirement based on the following:

Years of Service	Age
10	60
25	55
30	Regardless of Age
Any	65

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, LA

Notes to the Financial Statements
June 30, 2019 and 2018

Accrued vacation, including applicable salary-related payments, consisted of the following:

	June 30,	
	2019	2018
Accrued Vacation	\$ 128,179	\$ 127,313
Less: Current Portion	(7,204)	(7,639)
Long-Term Portion	\$ 120,975	\$ 119,674

Note 8 – Capital Lease Obligations

The Hospital leases vehicles under capital leases. The monthly payment is \$8,623. Future maturities of capital lease obligations are as follows:

Years Ended June 30,	
2020	\$ 95,475
2021	103,477
2022	69,135
	268,087
Less: Amount representing interest	(14,344)
Present value of future minimum lease payments	\$ 253,743

Note 9 – Long Term Debt

Long-term debt consisted of the following:

	June 30,	
	2019	2018
Capital Leases	\$ 253,743	\$ 92,810
Certificaties of Indebtedness	-	15,000
Total Debt	253,743	107,810
Less Current Portion	(95,475)	(88,807)
Total Long-Term Portion	\$ 158,268	\$ 19,003

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, LA

Notes to the Financial Statements
June 30, 2019 and 2018

In 2019, the Hospital used capital leases for the purchase of vehicles. At June 30, 2019, the book value of those vehicles was \$262,226. Changes in long-term debt were as follows:

	Balance, 7/1/2017.	Additions	Retirements	Balance 7/1/2018.	Additions	Retirements	Balance, 6/30/2019.
Capital Lease Obligation	\$ 164,546	\$ -	\$ (71,736)	\$ 92,810	\$ 291,280	\$ (130,347)	\$ 253,743
Certificates of Indebtedness	160,000	-	(145,000)	15,000	-	(15,000)	-
Total Debt	\$ 324,546	\$ -	\$ (216,736)	\$ 107,810	\$ 291,280	\$ (145,347)	\$ 253,743

During the year ended June 30, 2013, the Hospital issued \$1,093,000 of Limited Tax Refunding Bonds, Series 2012 (the refunding bonds) for the purpose of refunding all outstanding balances and accrued interest of the Issuer's Certificates of Indebtedness, Series 2007 and Certificates of Indebtedness, 2008 (the refunded bonds). During the year ended June 30, 2019, the balance on these bonds was paid in full.

	Principal	Interest	Total
2019	\$ 15,000	\$ 124	\$ 15,124
Total	\$ 15,000	\$ 124	\$ 15,124

Note 10 – Property Taxes

Property taxes are levied on real and business personal property located within the boundaries of Ouachita Parish at a levied millage of 1.43. The Ouachita Parish Tax Assessor, an elected official, determines the fair market value of all property subject to taxation, except public service properties, which are valued by the Louisiana Tax Commission. The fair market values determined by the Assessor are subject to review and approval of the Louisiana Tax Commission.

Property taxes are levied on a portion of fair market value as follows:

Land and Improvements for Residential Purposes -----	10%
Machinery, Industrial and Commercial Improvements -----	15%
Public Service Properties, Excluding Land -----	25%

The Assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

The Sheriff of Ouachita Parish is the official tax collector of property taxes levied by the parish and special districts within the Parish. The 2018 property tax calendar was as follows:

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, LA

Notes to the Financial Statements
June 30, 2019 and 2018

Assessment	January 1, 2018
Levy Date	November 15, 2018
Total Taxes Are Due	December 31, 2018
Lien Date	January 1, 2018

Property taxes are recorded as revenue when they become available and measurable. Property taxes are considered measurable when levied. Generally, the majority of taxes are collected before the end of the Hospital's June 30 fiscal year end.

Note 11 – Concentrations and Uncertainties

The Hospital receives over 90% of total revenue and support from various state agencies. Federal and state budget cuts have resulted in decreased revenue for the Hospital in the current year on a client-by-client basis. It is likely that additional cuts will be made in subsequent periods.

Note 12 – Commitments

A. Contract and Agreement

On April 1, 2002, the Hospital entered into an agreement with the Ouachita Parish Police Jury to jointly construct, renovate, and provide for the operation and maintenance of the facility then known as the G. B. Cooley Hospital for Retarded Citizens. The agreement requires that the Hospital maintain and operate the facilities for the exclusive purpose of caring for, treating, housing, and otherwise attending to the needs of retarded citizens who are residents of Ouachita Parish and non-residents after the needs of Ouachita Parish residents are fulfilled. Either party may construct improvements to the Hospital, at its own cost, with the improvements subject to the terms of the agreement. The agreement is for a term of 25 years beginning January 1, 2002 and ending December 31, 2026.

B. Leases - Community Homes

The Walnut, Shannon, South Grand, Spurgeon and Texas Street Community Homes are leased from the Monroe Housing Authority. The monthly rental, calculated by the Monroe Housing Authority, is based on the amount of each individual's social security benefits. G. B. Cooley Hospital is billed monthly. The lease was executed on February 16, 1984, and will terminate after 40 years. The minimum future rentals cannot be determined and, therefore, minimum future rentals disclosures for these noncancelable operating leases are not disclosed.

Building rent expense for the year ended June 30, 2019 and 2018 were \$163,793 and \$164,952, respectively, all of which was comprised of lease payments to the Monroe Housing Authority.

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, LA

Notes to the Financial Statements
June 30, 2019 and 2018

Note 13 – Subsequent Events

In October 2019, the Finance Director confessed to misappropriation of District funds. The former Director confessed to over \$400,000 in embezzled funds between 2012 and 2019. For the year ended June 30, 2019, \$209,506 has been identified as being moved from Hospital accounts to the prior employee's personal bank accounts. A receivable was recorded for the amount to be reimbursed by insurance (\$150,000) and the remaining \$69,506 was recorded as a loss on the June 30, 2019 financial statements.

Management has evaluated subsequent events through May 8, 2020, the date which the financial statements were available to be issued and determined that no other events occurred that require disclosure.

SUPPLEMENTARY INFORMATION

G. B. COOLEY HOSPITAL SERVICE DISTRICT
 Monroe, Louisiana

Schedule of Per Diem Paid Board Members
 For the Years Ended

<u>Board Member</u>	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Rita Goodin	\$ -	\$ 700
Kyle Coburn	600	-
Josie C. Roberts	1,000	1,200
Jackie Slack	1,100	1,000
Kenneth Wilson	800	1,300
Owen Moses	1,100	1,000
Taronda Goodin	1,100	-
Paul Coburn	-	600
TOTAL	\$ <u>5,700</u>	\$ <u>5,800</u>

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

**Schedule of Compensation, Benefits and Other Payments To
Agency Head or Chief Executive Officer**

For the Years Ended

Benjamin Pitts, Executive Director

<u>Purpose</u>	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Salary	\$ 141,061	\$ 139,837
Benefits-		
Health insurance	19,598	19,598
Life insurance	62	62
Retirement	1,300	1,300
Vehicle provided by government	5,701	6,346
Other		
Vacation time cash-in	14,066	12,588



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**INDEPENDENT AUDITORS' 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
G. B. Cooley Hospital Service District
Monroe, Louisiana**

We have audited, in accordance with the 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, the financial statements of the business-type activities, of **G. B. Cooley Hospital Service District** (the Hospital), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements and have issued our report thereon dated May 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2019-001 that we consider to be material weaknesses.

**Board of Commissioners
G. B. Cooley Hospital Service District
Monroe, Louisiana**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we 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. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described and the accompanying schedule of finding and questioned costs as Finding 2019-001 and 2019-002.

The Hospital's Response to Findings

The Hospital's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Hospital's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

May 8, 2020

G. B. COOLEY HOSPITAL SERVICE HOSPITAL
Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

2019-001 Misappropriation of Assets

Criteria or Specific Requirement

Louisiana Constitution of 1974 Article VII Section 14(A) prohibits the donation of public funds to any person. This would be interpreted to include theft of public funds by public servants. Additionally, internal controls should be operating to ensure timely detection and reporting of fraud and.

Condition Found

The Finance Director while managing the Accounting department fraudulently misappropriated Hospital resources by redirecting cash received to personal bank accounts. The level of unpredictability incorporated in the audit and the material amount misappropriated during the year ended June 30, 2019 led the Finance Director, Edward E. Calloway, to turn himself in to the Ouachita Parish Sheriff's Office on October 25, 2019 and confess to misappropriation of Hospital funds prior to discovery. He was arrested, bonded out and the case has not been adjudicated as of the date of the Auditors report.

The confession identified misappropriation more than \$400,000 over the period of 2012 to 2019. Mr. Calloway had resigned his position with the Hospital at the time of the confession. The Hospital's Executive Director notified the Louisiana Legislative Auditor on October 28, 2020 in accordance with Louisiana Revised Statute 24:523.

For the year ended June 30, 2019, \$209,506 was identified as being moved from Hospital accounts to the prior Finance Director's personal bank accounts. An insurance claim was filed and a receivable was recorded for the amount to be reimbursed by insurance, \$150,000. The remaining \$69,506 was recorded as a loss on the June 30, 2019 financial statements. An additional \$44,065 was identified as being transferred to the prior Finance Director's personal bank accounts and will be recorded as a loss for the year ended June 30, 2020.

A review of records supported the Finance Director's statements that he falsified documents provided to management, governance, and auditors to hide the transfer of monies, primarily from Medicaid revenue, to his personal bank accounts.

Cause

Internal controls were overridden by the Finance Director. The Finance Director falsified documents provided to management, governance, and auditors to hide the transfer of monies, primarily from Medicaid revenue, to his personal bank accounts. Internal controls provided for the Accounting Assistant to retrieve statements from online and the Senior Accountant or Accounting Assistant, depending upon which account, was to reconcile the accounts. The Finance Director was then supposed to review all reconciliations. However, the Finance Director was charismatic and volunteered to take care of these duties without the knowledge of upper management.

G. B. COOLEY HOSPITAL SERVICE HOSPITAL
Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Effect

Most of the monies embezzled are expected to be recouped from insurance and an immaterial loss for the remainder was recorded for the year ended June 30, 2019.

Recommendations to Prevent Future Occurrences

Immediately upon learning of the embezzlement, the Executive Director took actions to strengthen internal controls making it even more difficult to override the internal controls in the future. We identified no further recommendations necessary.

Management's Response

Management made the following changes to accounting procedures to strengthen internal controls:

1. *Immediate changes were made to on-line banking settings, security controls and cross controls for the creation and approval of all ACHs, especially free form ACHs and any manipulation of funds.*
2. *Professional accounting firm (other than contracted Auditing firm) was obtained to provide monthly bank account reconciliations and general ledger review*
3. *Bank Statements for reconciliation and review are generated and stamped to authenticate document and protect from false replication and unauthorized modification. Only authenticated statement is used for reconciliation to ledger*
4. *Additional accounting staff was added to ensure separation of duties*
5. *Dishonest CFO was replaced with an honest professional.*
6. *Accounting staff were trained to recognize and report any deviations from internal controls and procedures.*

2019-002 Noncompliance with State Law

First reported in 2018

Criteria or Specific Requirement

Louisiana Revised Statute 24:513 requires that the Hospital prepare and submit its audited financial statements to the Louisiana Legislative Auditor no later than six months after the end of the most recent fiscal year.

Condition Found

The audited financial statements were not able to be submitted within the time frame prescribed by law. Therefore, the Hospital was not in compliance with state law.

Cause

Delays associated with items noted in the above finding.

G. B. COOLEY HOSPITAL SERVICE HOSPITAL
Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Effect

The Hospital could be in violation of state laws and regulations and failure to follow the proper procedures could result in withholding of funding until in compliance with statute.

Recommendations to Prevent Future Occurrences

There are no recommendations due to the cause being a one time event.

Management's Response

The embezzlement of funds is the first for the Hospital Service District and the HSD has a long history of unqualified audits and timely filings. The HSD fully expects the fiscal yr end 2020 audit to be filed timely.



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

**To the Board of Commissioners of
G. B. Cooley Hospital Service District
and the Louisiana Legislative Auditor**

We have performed the procedures enumerated below, which were agreed to by G. B Cooley Hospital Service District (the Hospital) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

Budgeting, including preparing, adopting, monitoring, and amending the budget

Results: No exceptions noted.

Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: The purchasing policy does not address how vendors are added to the vendor list nor the documentation required to be maintained for all bids and price quotes.

Management's Response: *Management has updated purchasing policies to include the following: criteria for vendor selection and continued participation as a provider of good and services; and required support documentation for bids and price quotes.*

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

Management's Response: *Management has updated purchasing policies to include the following: criteria for vendor selection and continued participation as a provider of good and services; and required support documentation for bids and price quotes.*

Disbursements, including processing, reviewing, and approving

Results: The disbursements policy does not detail the processing, reviewing, and approving of disbursements.

Management's Response: *Management has reviewed and updated the accounted payables policy and procedures for processing, reviewing and approving disbursements.*

Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: The receipts policy does not detail receiving, recording, and preparing deposits.

Management's Response: *Management has developed a written procedure for receiving, recording and preparing deposits.*

Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: The payroll/personnel policy does not address payroll processing.

Management's Response: *Management has created a written procedure outlining the steps for processing payroll including time keeping, approval of hours worked, paid leave and other forms of compensation, and disbursement of paper and electronic payments.*

Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Results: There was not a policy addressing the standards terms and conditions and legal review of contracts.

Management's Response: Management has developed a written policy address contract development, terms and legal review.

Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Results: There was not a policy detailing the items listed above.

Management's Response: *Management has updated the credit card policy.*

Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

Results: The travel policy does not address the dollar thresholds by category of expense and required approvers.

Management's Response: Management has a current policy governing travel and expense reimbursement.

Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: The ethics policy does not contain a requirement that all employees annually attest through signature verification that they have read the Hospital's ethics policy.

Management's Response: *Management has updated ethics policy to include signature verification of employee upon training and acknowledgment of policy content.*

Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The debt service policy does not address debt issuance approval, EMMA reporting requirements, debt service requirements.

Management's Response: *Management has updated the debt service policy to include the following: debt issuance approval, EMMA reporting and debt service requirements.*

Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: There are no policies and procedures written that cover these topics

Management's Response: *Management has developed a disaster recovery and business continuity policies and procedures.*

Results: At the time our procedures were performed, the Finance Director notified us that the policies and procedures had not been updated from prior year testing, therefore we incorporated last year results for Policy and Procedure section, except for Disaster Recovery/Business Continuity which is new for this audit. After the completion of our procedures but prior to issuance of the report, policies and procedures were updated by the Hospital as indicated in the management responses.

Board or Finance Committee

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: This category was exempt from testing, because there were no exceptions in the prior year.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: This category was exempt from testing, because there were no exceptions in the prior year.

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

Results: 7d) An exception was noted due to timeliness of deposit.

Management's Response: *Management has developed a written procedure for receiving, recording and preparing deposits.*

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: This category was exempt from testing, because there were no exceptions in the prior year.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: This category was exempt from testing, because there were no exceptions in the prior year.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: This category was exempt from testing, because there were no exceptions in the prior year.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: This category was exempt from testing, because there were no exceptions in the prior year.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Results: This category was exempt from testing, because there were no exceptions in the prior year.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: This category was exempt from testing, because there were no exceptions in the prior year. Subsequent to the completion of procedures, misappropriations were identified and the Hospital appropriately notified the legislative auditor and the district attorney.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

**The Board of Commissioners
G.B. Cooley Hospital Service District
Monroe, Louisiana**

Woodard & Associates

**(A Professional Accounting Corporation)
Monroe, Louisiana**

May 8, 2020