

G. B. COOLEY HOSPITAL SERVICE DISTRICT

**Financial Report
For the Years Ended June 30, 2018 and 2017**

G. B. COOLEY HOSPITAL SERVICE DISTRICT
MONROE, LOUISIANA

Basic Financial Statements
As of and for the Years Ended June 30, 2018 and 2017
With Supplemental Information Schedules

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STATEWIDE AGREED UPON PROCEDURES

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, 2018 and 2017 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 audits. We conducted our audits 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 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.

The Board of Commissioners
G.B. Cooley Hospital Service District

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

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 G.B. Cooley Hospital Service District, as of June 30, 2018 and 2017, 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 5–7 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 audits 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hospital's 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 presented for purposes of additional analysis and are not a required part of the basic financial statements.

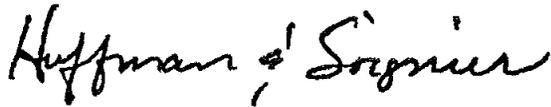
The Schedule of Per Diem Paid Board Members and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 Per Diem Paid Board Members and

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

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018, 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.

A handwritten signature in black ink that reads "Huffman & Sohier". The signature is written in a cursive, flowing style.

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

December 5, 2018

REQUIRED SUPPLEMENTAL INFORMATION

**G.B. COOLEY HOSPITAL SERVICE DISTRICT
MANAGEMENT DISCUSSION & ANALYSIS
(unaudited)**

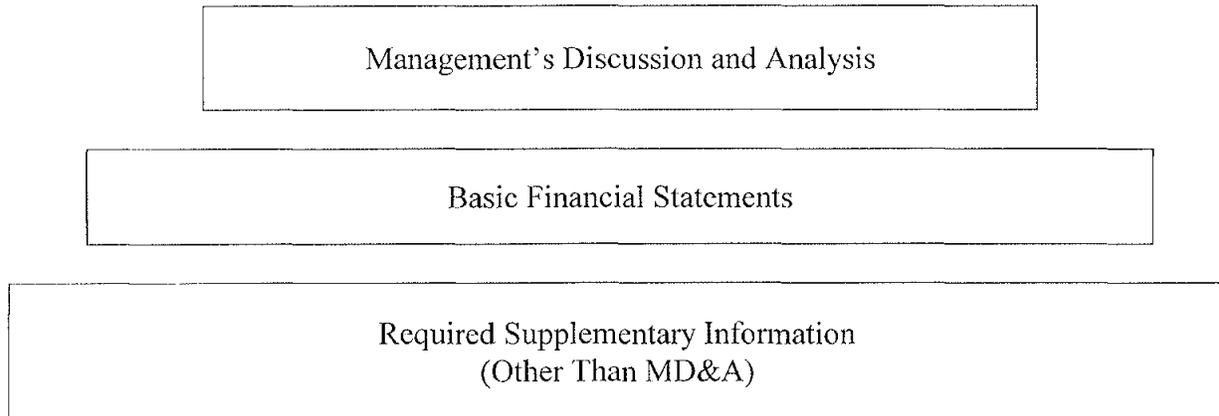
Our discussion and analysis of G. B. Cooley Hospital Service District's (the Hospital) financial performance provides an overview of the Hospital's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Hospital's basic financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The Hospital's total net position (that is the amount by which total assets exceed liabilities) was in the amount of \$11,512,883 at the close of fiscal year 2018, which represents a \$225,888 (or a 2%) 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 \$380,630.
- The Hospital's nonoperating revenues consist primarily of ad valorem tax (96.3%), interest income (0.6%), and other income (2.8%). 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 increased by \$84,643 (or 0.7%) from \$12,241,294 last fiscal year to \$12,325,937 this fiscal year primarily as a result of increases in plant maintenance and professional fees.

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
MANAGEMENT DISCUSSION & ANALYSIS
(unaudited)**

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
	2018	2017	
Current and Other Assets	\$ 7,171,876	\$ 7,230,843	-0.82%
Noncurrent Assets	5,117,347	5,078,161	0.77%
Total Assets	12,289,223	12,309,004	
Current and Other Liabilities	749,698	899,548	-16.66%
Long-Term Obligations	26,642	122,461	-78.24%
Total Liabilities	776,340	1,022,009	
Net Position			
Net Investment in Capital Assets	5,009,537	4,753,614	5.38%
Restricted Debt Service	16,918	163,793	-89.67%
Unrestricted	6,486,428	6,369,588	1.83%
Total Net Position	\$ 11,512,883	\$ 11,286,995	2.00%

**G.B. COOLEY HOSPITAL SERVICE DISTRICT
MANAGEMENT DISCUSSION & ANALYSIS
(unaudited)**

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 \$225,888 from June 30, 2017 to June 30, 2018. The Board planned for changes in operations through the budget process.

	Total	
	2018	2017
Operating Revenues	\$ 10,947,018	\$ 11,327,648
Operating Expenses	12,325,937	12,241,294
Operating Loss	(1,378,919)	(913,646)
Nonoperating Revenues and Expenses	1,604,807	1,685,972
Increase in Net Assets	\$ 225,888	\$ 772,326

Operating revenues decreased by \$380,630 while operating expenses increased by \$84,643. Net nonoperating revenues decreased by \$81,165. Operating expenses increased the most in plant maintenance (\$116,853) and professional fees (\$62,608).

CAPITAL ASSETS AND DEBTS

Capital Assets

At June 30, 2018, there was a book balance of \$5,117,347 (that is a balance of \$9,881,661 net of accumulated depreciation of \$4,764,314) invested in capital assets that consisted of land, buildings, vehicles, equipment, and furniture and fixtures. There was \$546,909 in additions to furniture, fixtures and equipment, and buildings and no disposals of assets.

Debts

The Hospital has outstanding obligations relating to compensated absences (accrued vacation, sick, and compensatory leave), certificates of indebtedness related to the acquisition and renovation of community homes and the purchase of new office facilities, 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
STATEMENTS OF NET POSITION**

	June 30,	
	2018	2017
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 5,510,464	\$ 5,427,951
Investments (Note 2)	234,240	232,542
Receivables	1,220,522	1,186,890
Prepaid and Other Assets	64,769	82,431
Total Current Assets	7,029,995	6,929,814
Restricted Assets (Notes 2 and 6)		
Cash-Individuals Fund Accounts	124,963	137,236
Cash-Debt Service Funds	16,918	163,793
Total Restricted Assets	141,881	301,029
Property and Equipment, Net (Note 4)	5,117,347	5,078,161
TOTAL ASSETS	\$ 12,289,223	\$ 12,309,004

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

	June 30,	
	2018	2017
LIABILITIES AND NET POSITION		
Current Liabilities (payable from current assets)		
Accounts Payable	\$ 187,174	\$ 227,057
Accrued Payroll	151,096	134,268
Withholding and Payroll Taxes Payable	44,565	50,237
Interest Payable	62	144
Other Liabilities	33,357	25,538
Accrued Vacation and Sick Pay, Current Portion (Note 7)	119,674	114,766
Current Portion of Long-term Obligations (Note 9)	88,807	210,302
Total Current Liabilities	<u>624,735</u>	<u>762,312</u>
Payable from Restricted Assets		
Individuals' Funds Liability (Note 6)	124,963	137,236
Total Noncurrent Liabilities	<u>124,963</u>	<u>137,236</u>
Long - Term Liabilities		
Accrued Vacation and Sick Pay, Net of Current Portion (Note 7)	7,639	8,216
Long-term Obligation, Net of Current Portion (Note 9)	19,003	114,245
Total Long-Term Liabilities	<u>26,642</u>	<u>122,461</u>
Total Liabilities	<u>776,340</u>	<u>1,022,009</u>
Net Position		
Net Investment In Capital Assets	5,009,537	4,753,614
Restricted for Debt Service	16,918	163,793
Unrestricted	6,486,428	6,369,588
Total Net Position	<u>\$ 11,512,883</u>	<u>\$ 11,286,995</u>

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	June 30,	
	2018	2017
Operating Revenues		
Charges for Services		
Intergovernmental Revenues		
State of Louisiana		
Title XIX Residential Program	\$ 7,937,074	\$ 8,290,713
Title XIX Waiver Program	2,083,540	2,106,602
Total Intergovernmental Revenues	10,020,614	10,397,315
Private Revenue		
Residential Program	829,985	837,418
Other Services Revenues		
Employment Services	96,419	92,915
Total Operating Revenues	10,947,018	11,327,648
Operating Expenses		
Salaries	6,682,532	6,680,660
Payroll Taxes and Benefits	1,177,089	1,280,026
Supplies	457,917	496,750
Travel and Mileage	170,109	145,528
Food	353,479	330,200
Facility	1,142,505	1,025,652
Insurance	446,952	497,246
Professional Fees	1,387,631	1,325,023
Depreciation	507,723	460,209
Total Operating Expenses	12,325,937	12,241,294
Operating Loss	(1,378,919)	(913,646)

CONTINUED

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (CONCLUDED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	June 30,	
	2018	2017
Nonoperating Revenues and Expenses		
Ad Valorem Tax Revenues	1,544,704	1,504,731
Interest Income	9,396	3,717
Interest Expense	(6,662)	(9,664)
Rental Income	12,000	12,000
Insurance Recoveries	-	88,979
Miscellaneous Income	45,369	50,096
Gain on Disposal of Property and Equipment	-	36,113
Excess of Nonoperating Revenues Over Nonoperating Expenses	1,604,807	1,685,972
Changes in Net Position	225,888	772,326
Net Position at Beginning of Year	11,286,995	10,514,669
Total Net Position at End of Year	\$ 11,512,883	\$ 11,286,995

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

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	June 30,	
	2018	2017
Cash Flow from Operating Activities		
Cash Received from Intergovernmental Agencies	\$ 9,974,216	\$ 10,663,726
Cash Received from Patients and Others	934,292	916,230
Payments to Employees for Services and Benefits	(7,836,317)	(7,969,571)
Payments to Suppliers	(3,980,814)	(3,759,074)
Net Cash Flow Used by Operating Activities	<u>(908,623)</u>	<u>(148,689)</u>
Cash Flow from Noncapital Financing Activities		
Tax Revenues	1,549,582	1,497,781
Miscellaneous Income	45,370	50,095
Net Cash Flow Provided by Noncapital Financing Activities	<u>1,594,952</u>	<u>1,547,876</u>
Cash Flow from Capital and Related Financing Activities		
Proceeds from Sale of Assets	-	23,764
Insurance Recoveries	-	101,901
Purchases of Property, Plant and Equipment	(546,909)	(917,218)
Cash Paid for Interest	(6,744)	(10,675)
Payment on Long Term Obligations	(216,737)	(298,797)
Net Cash Flow Used by Capital and Related Financing Activities	<u>(770,390)</u>	<u>(1,101,025)</u>
Cash Flow from Investing Activities		
Purchase of Investments	(1,697)	(1,262)
Rental Income	12,000	12,000
Interest Income	9,396	3,717
Net Cash Flow Provided by Investing Activities	<u>19,699</u>	<u>14,455</u>
Increase (Decrease) in Cash and Cash Equivalents	(64,362)	312,617
Cash and Cash Equivalents at Beginning of Year	<u>5,591,744</u>	<u>5,279,127</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,527,382</u>	<u>\$ 5,591,744</u>

CONTINUED

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

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
STATEMENTS OF CASH FLOWS (CONCLUDED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	June 30,	
	2018	2017
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities		
Operating Loss	\$ (1,378,919)	\$ (913,646)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation	507,723	460,209
Change in Current Assets and Liabilities		
Accounts Receivable	(38,509)	252,306
Prepaid Items	17,662	10,967
Accounts Payable	(39,883)	50,358
Accrued Payroll and Related Liabilities	11,156	(26,859)
Accrued Vacation and Sick Leave Payable	4,331	7,964
Other Liabilities	7,816	10,010
Total Adjustments	470,296	764,955
Net Cash Provided (Used) by Operating Activities	\$ (908,623)	\$ (148,691)
 Noncash Capital and Related Financial Activities		
Additions to Fixed Assets Through Capital Lease	\$ -	\$ 216,427
Total Noncash Capital and Related Financing Activities	\$ -	\$ 216,427
 Cash and Cash Equivalents Consist of the following:		
Current Assets		
Cash and Cash Equivalents	\$ 5,510,464	\$ 5,427,951
Restricted Assets		
Cash-Debt Service Funds	16,918	163,793
Total Cash and Cash Equivalents	\$ 5,527,382	\$ 5,591,744

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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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.

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

G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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. Property and Equipment

Fixed assets are recorded at cost, if purchased, or at fair market value, if donated.

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.

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:

G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 2 – Cash, Cash Equivalents, and Investments

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

	June 30,	
	2018	2017
Current Assets		
Cash on Hand	\$ 3,094	\$ 3,094
Cash in Bank Checking and Savings Deposits	5,507,370	5,424,857
Restricted Cash - Debt Service	16,918	163,793
Restricted Cash - Individual Funds	124,963	137,236
Cash and Cash Equivalents	\$ 5,652,345	\$ 5,728,980
Investments	\$ 234,240	\$ 232,542

Custodial credit risk-deposits - At year-end, as reported on the Statements of Net Position, the book balances of the Hospital's deposits were \$5,649,250 and \$5,725,886 respectively. The Hospital's bank balances totaled \$5,675,706 at June 30, 2018 and \$6,013,759 at June 30, 2017. 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, \$833,330 and \$982,592, respectively, were covered by Federal depository insurance at June 30, 2018 and 2017. The remaining \$4,842,375 at June 30, 2018 and \$5,031,217 at June 30, 2017, were covered by pledged collateral.

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, 2018 and 2017 consisted entirely of certificates of deposit with maturities greater than 90 days. The Hospital had investments of \$234,240 and \$232,542, respectively, stated at cost, which approximates market. These entire amounts were covered by Federal depository insurance as of June 30, 2018 and 2017.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Note 3 – Receivables

Receivables consisted of the following:

	June 30,	
	2018	2017
State of Louisiana		
Title XIX - Residential	\$ 648,497	\$ 666,790
Contractual Services	514,495	430,012
Individuals' Patient Liability	4,689	9,070
Ad Valorem Taxes Receivable	21,802	21,931
Other Receivables	31,039	59,087
Total Receivables	\$ 1,220,522	\$ 1,186,890

Of the 2018 and 2017 receivable balances, over ninety-nine percent was due from governmental agencies.

Note 4 – Property and Equipment

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

	June 30, 2017	Additions	Retirements	Transfers	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	546,908	-	-	9,468,637
Less: Accumulated Depreciation	(4,256,592)	(507,722)	-	-	(4,764,314)
Net Depreciable Assets	4,665,137	39,186	-	-	4,704,323
Land	413,025	-			413,025
Total Property and Equipment	\$ 5,078,161	\$ 39,186	\$ -	\$ -	\$ 5,117,347

Property and Equipment consisted of the following at June 30, 2017:

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

	June 30, 2016	Additions	Retirements	Transfers	June 30, 2017
Buildings	\$ 3,791,165	\$ 805,933	\$ -	\$ -	\$ 4,597,098
Construction in Progress	-	-	-	-	-
Furniture, Fixtures, and Equipment	1,217,768	52,451			1,270,219
Vehicles	1,166,449	258,132	(157,087)		1,267,494
Leasehold Improvements	1,769,818	17,100	-	-	1,786,918
Total Property and Equipment	<u>7,945,200</u>	<u>1,133,616</u>	<u>(157,087)</u>	<u>-</u>	<u>8,921,729</u>
Less: Accumulated Depreciation	<u>(3,953,470)</u>	<u>(460,209)</u>	<u>157,087</u>		<u>(4,256,592)</u>
Net Depreciable Assets	3,991,730	673,407	-	-	4,665,137
Land	413,025	-			413,025
Total Property and Equipment	<u>\$ 4,404,755</u>	<u>\$ 673,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,078,161</u>

Depreciation expense was \$507,722 and \$460,209, for the years ended June 30, 2018 and 2017, 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 \$641,108 and \$710,296, respectively, to this plan for the years ended June 30, 2018 and 2017.

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, 2018 and 2017, the Hospital had deposited \$16,918 and \$163,792, 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 \$124,963 and \$137,236 at June 30, 2018 and 2017 respectively.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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:

<u>Years of Service</u>	<u>Age</u>
10	60
25	55
30	Regardless of Age
Any	65

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

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Accrued Vacation	\$ 127,313	\$ 122,982
Less: Current Portion	<u>(119,674)</u>	<u>(114,766)</u>
Long-Term Portion	<u>\$ 7,639</u>	<u>\$ 8,216</u>

Note 8 – Capital Lease Obligations

The Hospital leases vehicles under capital leases. The monthly payment is \$6,375. Future maturities of capital lease obligations are as follows:

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

<u>Years Ended June 30,</u>	
2019	\$ 74,188
2020	21,063
	95,251
Less: Amount representing interest	(2,441)
Present value of future minimum lease payments	\$ 92,810

Note 9 – Long Term Debt

Long-term debt consisted of the following:

		<u>June 30,</u>	
		<u>2018</u>	<u>2017</u>
Capital Leases	\$	92,810	\$ 164,547
Certificaties of Indebtedness		15,000	160,000
Total Debt		107,810	324,547
Less Current Portion		(88,807)	(210,302)
Total Long-Term Portion	\$	19,003	\$ 114,245

Changes in Long-term debt were as follows:

	<u>Balance,</u> <u>7/1/2016.</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance,</u> <u>7/1/2017.</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance,</u> <u>6/30/2018.</u>
Capital Lease Obligation	\$ 29,372	\$ 216,973	\$ (81,798)	\$ 164,546	\$ -	\$ (71,736)	\$ 92,810
Certificates of Indebtedness	377,000	-	(217,000)	160,000	-	(145,000)	15,000
Total Debt	\$ 406,372	\$ 216,973	\$ (298,798)	\$ 324,546	\$ -	\$ (216,736)	\$ 107,810

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). At the time of the refunding, the refunding bonds carried a gross debt service requirement of \$1,141,333 while the bonds that were refunded had a gross debt service requirement of \$1,209,706. This has resulted in an economic benefit to the Hospital of approximately \$19,400. The refunding bonds mature over a six year period, carry an annual interest rate of 1.6525%, and are secured by the Hospital's ad valorem tax. Future debt service requirements are as follows:

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

	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. 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 2017 property tax calendar was as follows:

Assessment	January 1, 2017
Levy Date	November 15, 2017
Total Taxes Are Due	December 31, 2017
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.

G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, 2018 and 2017 were \$164,952 and \$156,625, respectively, and included \$164,952 and \$156,625, respectively, in lease payments to the Monroe Housing Authority.

Note 13 – Subsequent Events

Management has evaluated subsequent events through December 5, 2018, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure.

SUPPLEMENTAL INFORMATION

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
 SCHEDULE OF PER DIEM PAID BOARD MEMBERS
 FOR THE YEAR ENDED JUNE 30, 2018**

	June 30,	
	2018	2017
Rita Goodin	\$ 700	\$ 1,000
Jim Hutchinson	-	320
Josie C. Roberts	1,200	900
Jackie Slack	1,000	960
Kenneth Wilson	1,300	580
Owen Moses	1,000	960
Paul Coburn	600	180
TOTAL	\$ 5,800	\$ 4,900

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2018 AND 2017**

Benjamin Pitts, Executive Director

Purpose	June 30,	
	2018	2017
Salary	\$ 139,837	\$ 139,984
Benefits-		
Health insurance	19,598	15,416
Life insurance	62	59
Retirement	1,300	1,500
Vehicle provided by government	6,346	517
Other		
Vacation Time Cash-In	12,588	11,594
Dues and Meals	-	766

**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 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, 2018, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements and have issued our report thereon dated December 5, 2018.

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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

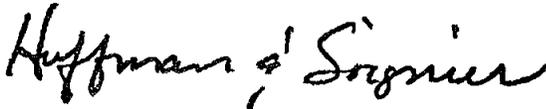
**Board of Commissioners
G. B. Cooley Hospital Service District**

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in black ink that reads "Huffman & Signer". The signature is written in a cursive, flowing style.

(A Professional Accounting Corporation)

December 5, 2018

G. B. Cooley Hospital Service District

Summary Status of Prior Year Findings

For The Year Ended June 30, 2018

The following is a summary of the status of the prior year findings included in Huffman & Soignier (APAC)'s audit report dated March 27, 2018, of the audit of the financial statements of G. B. Cooley Hospital Service District (the Hospital) as of and for the year ended June 30, 2018.

2017-001 Late Filing of Financial Statements

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.

Conditions Found

The Hospital was not able to submit its audited financial statements within the six month timeframe as required by state law regarding financial reporting.

Status

This finding has been resolved.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the 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, 2017, through June 30, 2018. The School Board'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):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***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.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***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).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **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)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: Per Finance Director the policies and procedures haven't been updated from last year testing, therefore we incorporated last year results for Policy and Procedure section.

The following exceptions were noted during the review of policies and procedures:

- Budgeting- No exceptions noted.
- Purchasing-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.
- Disbursements-The disbursements policy does not detail the processing, reviewing, and approving of disbursements.
- Receipts-The receipts policy does not detail receiving, recording, and preparing deposits.
- Payroll/Personnel-The payroll/personnel policy does not address payroll processing.
- Contracting-There was not a policy addressing the standards terms and conditions and legal review of contracts.
- Credit Cards-There was not a policy detailing the items listed above in procedure 1.g).
- Travel and Expense Reimbursement-The travel policy does not address the dollar thresholds by category of expense and required approvers.

- Ethics-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.
- Debt Service- The debt service policy does not address debt issuance approval, EMMA reporting requirements and debt service requirements.

Management's Response: Policies and procedures will be reviewed for necessary changes and make necessary changes.

Board or Finance Committee

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.

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.

Results:

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

Management's Response: We will address this with proper stamping and keeping of envelopes to help note dates and we will make sure deposits are made timely.

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: 9d) One exception noted due to the check signers giving signed checks back to the Accounts Payable employee (responsible for processing payments) to mail out.

Management's Response: We will have another person handle mailing of checks.

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

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

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.

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

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:

- 20a) Three exceptions noted to employees not having an ethics certificate on file.
- 20b) Two exceptions noted due to entity not having documentation for employees to verify they have read the ethics policy for the year.

Management's Response: We have addressed this by incorporating into our training.

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.

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.

Huffman & Signier

(A Professional Accounting Corporation)

Monroe, Louisiana

December 5, 2018