

G.B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Financial Statements

For the Years Ended June 30, 2022 and 2021

G.B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

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As of and For the Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the Table of Contents.

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, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4-6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

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

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.

Supplementary 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 Per Diem Paid Board Members and 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Per Diem Paid Board Members and 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, 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 solely 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.

Woodward & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 22, 2022

REQUIRED SUPPLEMENTARY INFORMATION

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Management’s Discussion and Analysis

For the Years Ended June 30, 2022 and 2021

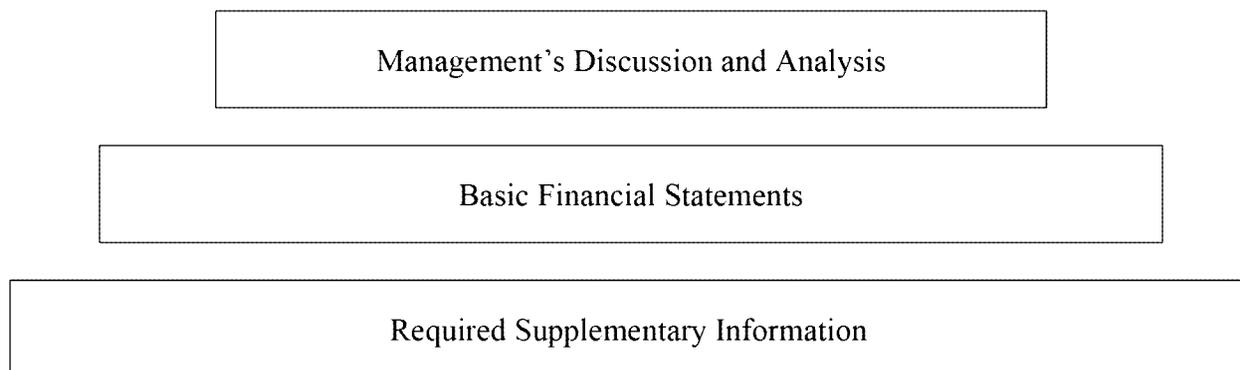
Our discussion and analysis of G. B. Cooley Hospital Service District’s (the Hospital) financial performance provides an overview of the Hospital’s financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Hospital’s basic financial statements, which begin on 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 \$14,792,003 at the close of 2022 fiscal year, which represents a \$219,553 (or 2%) increase from the prior year.
- The Hospital’s operating revenue is generated primarily through Medicaid 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 \$215,258 (2%) from the prior year.
- The Hospital’s nonoperating revenues consist primarily of income from the sale of assets (59%), management fee income (24%), and other income (12%). Interest income (1%) is based on market rates established by financial institutions.
- The Hospital’s operating expenses increased by \$1,126,521 (or 9%) from \$12,786,746 in the prior year to \$13,913,267 this fiscal year, primarily as a result of increases 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) and the basic financial statements (including the related notes to the financial statements). 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, 2022 and 2021

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

Condensed Statements of Net Position

	2022	2021	% Change
Current assets	\$ 10,576,586	\$ 10,971,369	-4%
Noncurrent assets	6,380,432	6,124,276	4%
Total assets	16,957,018	17,095,645	-1%
Current and other liabilities	1,108,440	1,258,633	-12%
Long-term obligations	1,056,575	1,264,562	-16%
Total liabilities	2,165,015	2,523,195	-14%
Net position			
Net investment in capital assets	4,758,822	4,165,713	14%
Restricted – Debt service	16,700	16,700	0%
Unrestricted	10,016,481	10,390,037	-4%
Total net position	\$ 14,792,003	\$ 14,572,450	2%

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 \$219,553 from June 30, 2021 to June 30, 2022. 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, 2022 and 2021

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2022	2021	% Change
Operating revenues	\$ 13,915,047	\$ 14,130,305	-2%
Operating expenses	13,913,267	12,786,746	-9%
Operating income (loss)	1,780	1,343,559	-100%
Nonoperating revenues and expenses	217,773	24,980	772%
Increase (decrease) in net position	\$ 219,553	\$ 1,368,539	-84%

Operating revenues decreased by \$215,258 while operating expenses increased by \$1,126,521. Nonoperating revenues and expenses increased by \$192,793. Operating revenues decreased the most in Title XIX-Residential (\$311,935) and U.S. HHS Stimulus (\$200,120). Operating expenses increased the most in salaries and benefits (\$672,698), facility maintenance (\$203,123), and supplies (\$168,471).

CAPITAL ASSETS AND DEBTS

Capital Assets

At June 30, 2022, there was a book balance of \$6,163,277 (that is a balance of \$12,231,352, net of accumulated depreciation of \$6,068,075) invested in capital assets that consisted of land, buildings, vehicles, equipment, and furniture and fixtures. There was \$2,501,067 in additions to construction in progress, buildings, furniture, fixtures and equipment, and vehicles, and there was \$299,710 in disposals of assets.

Debts

The Hospital has outstanding obligations relating to compensated absences (accrued vacation, sick, and compensatory leave), leases of vehicles and buildings, and a certificate of indebtedness resulting from the issuance of bonds. 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

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 8,243,622	\$ 8,969,928
Investments	782,165	778,292
Receivables	1,323,648	988,084
Prepaid and other assets	227,148	235,065
Total current assets	<u>10,576,586</u>	<u>10,971,369</u>
Restricted assets		
Cash-individuals' fund accounts	200,455	344,229
Cash-debt service funds	16,700	16,700
Total restricted assets	<u>217,155</u>	<u>360,929</u>
Capital assets, net		
	<u>6,163,277</u>	<u>5,763,347</u>
Total assets	<u>\$ 16,957,018</u>	<u>\$ 17,095,645</u>
Liabilities and Net Position		
Current liabilities (payable from current assets)		
Accounts payable	\$ 207,792	\$ 224,908
Accrued payroll	277,868	234,520
Withholding and payroll taxes payable	49,236	59,787
Interest payable	11,904	13,440
Other liabilities	13,106	48,677
Current portion of long-term obligations	347,880	333,072
Total current liabilities	<u>907,786</u>	<u>914,404</u>
Payable from restricted assets		
Individuals' funds liability	200,654	344,229
Total payable from restricted assets	<u>200,654</u>	<u>344,229</u>
Long-term liabilities		
Long-term obligations, net of current portion	1,085,644	1,298,200
Less: Unamortized bond issuance costs	(29,069)	(33,638)
Total long-term liabilities	<u>1,056,575</u>	<u>1,264,562</u>
Total liabilities	<u>\$ 2,165,015</u>	<u>\$ 2,523,195</u>
Net position		
Net investment in capital assets	\$ 4,758,822	\$ 4,165,713
Restricted for debt service	16,700	16,700
Unrestricted	10,016,481	10,390,037
Total net position	<u>\$ 14,792,003</u>	<u>\$ 14,572,450</u>

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

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Operating revenues		
Charges for services		
Intergovernmental revenues		
Federal		
U.S. HHS Stimulus	\$ -	\$ 200,120
State of Louisiana		
Title XIX residential program	8,425,875	8,737,810
Title XIX waiver program	2,525,612	2,438,229
LA health care	182,579	64,460
Local		
Ad valorem tax revenues	1,761,213	1,712,519
Total intergovernmental revenues	<u>12,895,279</u>	<u>13,153,138</u>
Private revenue		
Residential program	909,788	902,982
Other service revenue		
Employment services	109,980	74,185
Total operating revenues	<u>13,915,047</u>	<u>14,130,305</u>
Operating expenses		
Salaries	7,616,131	7,337,525
Payroll taxes and benefits	1,637,314	1,243,222
Supplies	566,875	398,404
Travel and mileage	119,724	49,424
Food	369,384	346,636
Facility	1,323,848	1,120,725
Insurance	512,842	525,916
Professional fees	1,308,292	1,299,759
Depreciation	458,857	465,135
Total operating expenses	<u>13,913,267</u>	<u>12,786,746</u>
Operating income (loss)	<u>1,780</u>	<u>1,343,559</u>
Nonoperating revenues and expenses		
Interest income	3,873	4,923
Interest expense	(44,499)	(47,040)
Rental income	11,000	12,037
Miscellaneous income	92,690	47,317
Gain on disposal of property and equipment	154,707	7,743
Excess of nonoperating revenues over nonoperating expenses	<u>217,773</u>	<u>24,980</u>
Changes in net position	219,553	1,368,539
Net position at beginning of year	<u>14,572,450</u>	<u>13,203,911</u>
Total net position at end of year	<u>\$ 14,792,003</u>	<u>\$ 14,572,450</u>

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,	
	2022	2021
Cash flow from operating activities		
Cash received from intergovernmental agencies	\$ 12,580,141	\$ 13,491,837
Cash received from patients and others	999,342	957,900
Payments to employees for services and benefits	(9,234,824)	(8,575,848)
Payments to suppliers	(4,210,164)	(3,852,746)
Net cash flow provided (used) by operating activities	<u>134,495</u>	<u>2,021,143</u>
Cash flow from noncapital financing activities		
Miscellaneous income	92,690	47,317
Net cash flow provided (used) by noncapital financing activities	<u>92,690</u>	<u>47,317</u>
Cash flow from capital and related financing activities		
Proceeds from sale of capital assets	154,707	17,838
Proceeds from the issuance of debt	-	1,500,000
Insurance recoveries	9,130	-
Purchases of capital assets	(867,828)	(1,531,221)
Costs of issuance of debt	-	(37,375)
Cash paid for interest	(45,227)	(32,747)
Payment on long term obligations	(219,143)	(192,793)
Net cash flow provided (used) used by capital and related financing activities	<u>(968,364)</u>	<u>(276,298)</u>
Cash flow from investing activities		
Purchase of investments	-	(29,856)
Rental income	11,000	12,037
Interest income	3,873	4,923
Net cash flow provided (used) by investing activities	<u>14,873</u>	<u>(12,896)</u>
Increase (decrease) in cash and cash equivalents	(726,306)	1,779,266
Cash and cash equivalents at beginning of year	<u>8,986,628</u>	<u>7,207,362</u>
Cash and cash equivalents at end of year	<u>\$ 8,260,322</u>	<u>\$ 8,986,628</u>

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

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Reconciliation of operating loss to net cash provided (used) by operating activities		
Operating income (loss)	\$ 1,780	\$ 1,343,559
Adjustments to reconcile operating loss to Net cash used by operating activities		
Depreciation	458,857	465,135
Change in current assets and liabilities		
Accounts receivable	(335,564)	319,432
Prepaid items	7,917	(149,821)
Accounts payable	(17,116)	37,939
Accrued payroll and related liabilities	32,798	(7,783)
Accrued vacation and sick leave payable	21,394	12,808
Other liabilities	(35,571)	(126)
Total adjustments	<u>132,715</u>	<u>677,584</u>
Net cash provided (used) by operating activities	<u>\$ 134,495</u>	<u>\$ 2,021,143</u>
Cash and cash equivalents consist of the following:		
Current assets		
Cash and cash equivalents	\$ 8,243,622	\$ 8,969,928
Restricted assets		
Cash-debt service funds	<u>16,700</u>	<u>16,700</u>
Total cash and cash equivalents	<u>\$ 8,260,322</u>	<u>\$ 8,986,628</u>

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, 2022 and 2021

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 132 beds across 17 group homes with 89% 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 meeting the previously mentioned definitions are reported as non-operating revenues and expenses.

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, LA

Notes to the Financial Statements

June 30, 2022 and 2021

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 \$5,000 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 in a nonexchange transaction. 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, which are as follows:

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

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, LA

Notes to the Financial Statements

June 30, 2022 and 2021

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. Compensated Absences

Employees of the Hospital earn vacation leave 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.

Only full-time employees earn sick leave ranging from 40 to 96 working hours per year depending upon the length of service. 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 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. No pay will be given for accumulated but unused sick leave except upon retirement.

G. 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. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, LA

Notes to the Financial Statements

June 30, 2022 and 2021

H. 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.

I. 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.

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash in bank – Checking and savings deposits	\$ 8,240,128	\$ 8,966,834
Petty cash	3,494	3,094
Total cash and cash equivalents	<u>\$ 8,243,622</u>	<u>\$ 8,969,928</u>

Deposits with financial institutions consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Current assets		
Cash in bank – Checking and savings deposits	\$ 8,240,128	\$ 8,966,834
Restricted assets		
Restricted cash – Debt service	16,700	16,700
Restricted cash – Individuals' funds	200,455	344,229
Total deposits	<u>\$ 8,457,283</u>	<u>\$ 9,327,763</u>

Custodial credit risk—deposits – At year-end, as reported on the Statements of Net Position, the book balances of the Hospital's deposits were \$8,457,283 and \$9,327,763 (cash and cash equivalents less petty cash, plus restricted cash). The Hospital's bank balances totaled \$8,504,761 at June 30, 2022 and \$9,474,171 at June 30, 2021. 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 June 30, 2022, bank balances, \$250,000 were covered by Federal depository insurance, and the remaining \$8,254,761 was covered by pledged securities.

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, LA

Notes to the Financial Statements

June 30, 2022 and 2021

Note 3 – Investments

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, 2022, and 2021 consisted entirely of certificates of deposit with maturities greater than 90 days. The Hospital had investments of \$782,165 and \$778,292, respectively, stated at cost, which approximates market value. Amounts covered by Federal Depository Insurance as of June 30, 2022, and 2021 were \$676,267 and \$674,656, respectively.

ASC Section 820 establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that the Hospital has the ability to access;
- Level 2 Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. There is no movement in Level 3 year to year.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Hospital's investments at June 30, 2022, are valued at quoted market prices and other relevant information generated by market transactions held by the Hospital at that date and are considered to be level 1 in the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future value. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements within the fair value hierarchy.

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, LA

Notes to the Financial Statements

June 30, 2022 and 2021

Note 4 – Receivables

Receivables consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
State of Louisiana		
Title XIX – Residential	\$ 939,202	\$ 703,187
Contractual Services	214,537	168,176
Hope TGH	8,188	17,197
Individual Patient Liability	80,309	70,939
Ad Valorem Taxes	-	2,187
Other Receivables	81,412	26,398
Total Receivables	<u>\$ 1,323,648</u>	<u>\$ 988,084</u>

Revenue from governmental agencies accounted for 92.0% and 92.7% of total revenues in 2022 and 2021, respectively. Receivables from governmental agencies accounted for 87.8% and 90.1% of total receivables at June 30, 2022, and 2021, respectively.

Note 5 – Capital Assets

Changes in capital assets for the years ended June 30, 2022 and 2021 were as follows:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2022</u>
Nondepreciable assets				
Land	\$ 413,025	\$ -	\$ -	\$ 413,025
Construction in progress	1,371,723	651,972	(1,643,875)	379,820
Total nondepreciable assets	<u>1,784,748</u>	<u>651,972</u>	<u>(1,643,875)</u>	<u>792,845</u>
Depreciable assets				
Buildings	4,713,586	1,498,954	-	6,212,040
Leasehold improvements	2,368,028	130,677	-	2,498,705
Furniture, fixtures, & equip.	1,475,189	58,466	-	1,533,655
Vehicles	1,332,819	160,998	(299,710)	1,194,107
Total depreciable assets	9,889,622	1,849,095	(299,710)	11,438,508
Less: Accumulated deprec.	(5,911,023)	(458,857)	299,710	(6,068,075)
Depreciable assets, net	<u>3,978,599</u>	<u>1,390,238</u>	<u>-</u>	<u>5,370,433</u>
Capital assets, net	<u>\$ 5,763,347</u>	<u>\$ 2,042,210</u>	<u>\$ (1,643,875)</u>	<u>\$ 6,163,277</u>

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, LA

Notes to the Financial Statements
June 30, 2022 and 2021

	June 30, 2020	Additions	Deductions	June 30, 2021
Nondepreciable assets				
Land	\$ 413,025	\$ -	\$ -	\$ 413,025
Construction in progress	-	1,371,723	-	1,371,723
Total nondepreciable assets	<u>413,025</u>	<u>1,371,723</u>	<u>-</u>	<u>1,784,748</u>
Depreciable assets				
Buildings	4,620,668	92,918	-	4,713,586
Leasehold improvements	2,368,028	-	-	2,368,028
Furniture, fixtures, & equip.	1,430,249	44,940	-	1,475,189
Vehicles	1,340,307	21,640	(29,128)	1,332,819
Total depreciable assets	<u>9,759,252</u>	<u>159,498</u>	<u>(29,128)</u>	<u>9,889,622</u>
Less: Accumulated deprec.	<u>(5,462,880)</u>	<u>(465,135)</u>	<u>16,993</u>	<u>(5,911,023)</u>
Depreciable assets, net	<u>4,296,372</u>	<u>(305,637)</u>	<u>(12,135)</u>	<u>3,978,599</u>
Capital assets, net	<u>\$ 4,709,397</u>	<u>\$ 1,066,086</u>	<u>\$ (12,135)</u>	<u>\$ 5,763,347</u>

Depreciation expense was \$458,857 and \$465,135 for the years ended June 30, 2022 and June 30, 2021, respectively.

Note 6 – Restricted Cash

Per the terms of its bond agreement, which is further discussed in Note 8, the Hospital 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/or interest payment into the sinking fund at least three (3) full days in advance of the date on which each payment is due. As of June 30, 2022, and 2021, the Hospital had deposits of \$16,700 and \$16,700, respectively, in 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 \$200,455 and \$344,229 at June 30, 2022 and 2021, respectively.

Note 7 – Long-Term Obligations

A summary of changes in long-term obligations for the years ended June 30, 2022, and 2021 is as follows:

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, LA

Notes to the Financial Statements

June 30, 2022 and 2021

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 1,400,000	\$ -	\$ (160,000)	\$ 1,240,000	\$ 165,000
Leases	59,143	-	(59,143)	-	-
Compensated absences	172,129	287,296	(265,901)	193,524	182,880
Total	<u>\$ 1,631,272</u>	<u>\$ 287,296</u>	<u>\$ (485,044)</u>	<u>\$ 1,433,524</u>	<u>\$ 347,880</u>

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Revenue bonds	\$ -	\$ 1,500,000	\$ (100,000)	\$ 1,400,000	\$ 160,000
Leases	151,936	-	(92,793)	59,143	59,143
Compensated absences	159,332	297,571	(284,774)	172,129	113,929
Total	<u>\$ 311,268</u>	<u>\$ 1,797,571</u>	<u>\$ (477,567)</u>	<u>\$ 1,631,272</u>	<u>\$ 333,072</u>

Long-Term Debt

During the year ended June 30, 2021, the Hospital issued \$1,500,000 of Revenue Bonds, Series 2020 (the revenue bonds) for the purpose of acquiring, constructing, renovating, equipping, and furnishing facilities for the Hospital and paying the costs of issuance of the bonds. The revenue bonds have a stated maturity date of March 1, 2029, carry an annual interest rate of 2.880%, and are secured and payable by the excess of the Hospital's annual revenues above statutory, contractual, necessary, and usual charges. The revenue bonds are subject to optional redemption by the Hospital on any date on or after September 15, 2027.

Future debt service requirements to maturity for the revenue bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 165,000	\$ 35,712	\$ 200,712
2024	170,000	30,960	200,960
2025	175,000	26,064	201,064
2026	175,000	21,024	196,024
2027	180,000	15,984	195,984
2028	185,000	10,800	195,800
2029	190,000	5,472	195,472
Total debt service	<u>\$ 1,240,000</u>	<u>\$ 146,016</u>	<u>\$ 1,386,016</u>

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, LA

Notes to the Financial Statements

June 30, 2022 and 2021

Leases

During the year ended June 30, 2019, the Hospital entered into a capital lease for the purchase of 10 vans. The original amount of the lease was \$291,280, bearing interest at 4.18%. The lease was to be repaid in 36 monthly payments of \$8,623. The remaining balance on the lease of \$59,143 at June 30, 2021 was paid off during the year ended June 30, 2022, and accordingly, there are no future minimum lease payments.

Note 8 – Property Taxes

Property taxes are levied on real and business personal property located within the boundaries of Ouachita Parish at a levied millage of 1.42. 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 2021 property tax calendar was as follows:

Assessment	January 1, 2021
Levy Date	November 15, 2021
Total Taxes Are Due	December 31, 2021
Lien Date	January 1, 2022

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.

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, LA

Notes to the Financial Statements

June 30, 2022 and 2021

Note 9 – 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. Management Contract

On February 16, 1984, the Hospital entered into a 40-year management contract with the Monroe Housing Authority to manage the Walnut, Shannon, South Grand, Spurgeon, and Texas Street Community Homes. The contract was amended during the 2021 fiscal year to extend until December 31, 2028. The monthly rental, calculated by the Monroe Housing Authority, is based on the amount of each resident's monthly Social Security benefits. The Hospital is billed monthly. Amounts paid to the Monroe Housing Authority for the years ended June 30, 2022, and 2021 were \$158,400 and \$156,876, respectively.

Note 10 – Subsequent Events

The Hospital has evaluated subsequent events through December 22, 2022, the date which the financial statements were available for issue, and noted that the following events occurring subsequent to the reporting period require disclosure:

On December 20, 2022, the Hospital issued a general revenue bond for \$3.5M to purchase a building to renovate and open a behavioral hospital consisting of 40 beds. The anticipated date to finish and open is late 2023 or early 2024.

SUPPLEMENTARY INFORMATION

G. B. COOLEY HOSPITAL SERVICE DISTRICT
 Monroe, Louisiana

Schedule of Per Diem Paid Board Members
 For the Years Ended

Board Member	June 30,	
	2022	2021
Dan Sartor	\$ 1,700	\$ 1,200
Taronda Goodin	1,000	1,200
Jackie Slack	1,800	900
Kenneth Wilson	1,200	900
Josie C. Roberts	-	600
Cindy Johns	1,800	800
Lynn Wilson	1,700	600
Dawn Stanfield	1,600	200
TOTAL	\$ 10,800	\$ 6,400

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>2022</u>	<u>2021</u>
Salary	\$ 143,875	\$ 136,890
Benefits		
Health insurance	28,696	22,505
Life insurance	70	69
Retirement	1,300	1,300
Vehicle provided by government	3,840	9,334
Other		
Vacation time cash-in	6,093	13,595

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



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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***

**The 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, 2022, 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 22, 2022.

Report on 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 were not identified. 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 or significant deficiencies may exist that have not been identified.

**The 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 financial statements. 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 Hospital'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 Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 22, 2022



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. **G.B. Cooley Hospital Service District's** (the Hospital) management is responsible for those C/C areas identified in the SAUPs.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- 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 (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to 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.
- k) **Information Technology 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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Result: We obtained and inspected the Hospital's written policies and procedures and observed that the categories of debt service, information technology disaster recovery/business continuity, and sexual harassment were not addressed by the policies and procedures.

We observed that the payroll/personnel category did not address the approval process for employee(s) rate of pay, and that the ethics category did not address a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public fund if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

Result: No exceptions were identified as a result of these procedures.

Bank Reconciliations

3. Obtain a listing of entity 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 each selected 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 or 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.

Result: Management did not provide documentation regarding item 3c.

Collections (excluding electronic funds transfers)

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/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
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 and the cash is stored securely in a locked safe or drawer).

- e) Trace the actual deposit per the bank statement to the general ledger.

Result: The Hospital does not use sequentially pre-numbered receipts.

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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]
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 itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Result: No exceptions were identified as a result of these procedures.

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 (or electronically approved), 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Result: The monthly statements were not reviewed and approved in writing by someone other than the authorized card holder, and of the 21 transactions tested, 4 were not supported by an original itemized receipt.

Travel and Travel-Related Expense Reimbursement (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, observe that the approved reimbursement rate is no more than 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.

Result: No exceptions were identified as a result of these 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 and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
 - 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.

Result: No exceptions were identified as a result of these procedures.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or 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 or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a 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 or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Result: No exceptions were identified as a result of these 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 entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Result: No exceptions were identified as a result of these procedures.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Result: No exceptions were identified as a result of these procedures.

Fraud Notice

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.

Result: No exceptions were identified as a result of these procedures.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

- c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Result: We performed the procedures and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
 - a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

Result: The Hospital did not have an annual sexual harassment report for the current fiscal period.

Management's Response to Results

We are working on updating our policies and procedures and expect the results to be resolved by FY 2023.

We were engaged by the Hospital to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

Woodard + Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 22, 2022