

G.B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

Financial Statements
For the Year Ended June 30, 2023

G.B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

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As of and for the Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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 year ended June 30, 2023, 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, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

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 opinion. 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 pages 4 through 7 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.

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

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The accompanying Schedule of Per Diem Paid to Board Members on page 21 and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on page 22 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 to 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 18, 2023, 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 solely 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 the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Woodard + Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 18, 2023

REQUIRED SUPPLEMENTARY INFORMATION

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Management’s Discussion and Analysis

For the Year Ended June 30, 2023

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, 2023. Please read it in conjunction with the Hospital’s basic financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The Hospital’s total net position (that is the amount by which total assets exceed liabilities) was in the amount of \$15,731,064 at the close of 2023 fiscal year, which represents a \$939,060 (or 6.3%) increase from the prior year.
- The Hospital’s operating revenue is generated primarily through Medicaid, which 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 increased by \$427,858 (3.1%) from the prior year.
- The Hospital’s nonoperating revenues consisted of interest income (50.5%), income from the sale of bed licenses (33.0%), management fee income (8.2%), and other income (8.3%).
- The Hospital’s operating expenses decreased by \$94,760 (or 0.7%) from \$13,913,267 in the prior year to \$13,818,507 this fiscal year, primarily as a result of decreases in expenses relating to employee salaries and benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

The graphic below illustrates the minimum requirements for special purpose governments engaged only in business-type activities established by the Governmental Accounting Standards Board (GASB) in GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

Management’s Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

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 Year Ended June 30, 2023

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 Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The Statement 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 Statement 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 Statement of Cash Flows presents information showing how the Hospital's cash balances changed as a result of current year operations. The 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 Statement No. 34.

FINANCIAL ANALYSIS OF THE HOSPITAL AS A WHOLE

Condensed Statements of Net Position June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Current assets	\$ 11,344,853	\$ 10,576,586	7.3%
Noncurrent assets	9,333,649	6,380,432	46.3%
Total assets	<u>20,678,502</u>	<u>16,957,018</u>	21.9%
Current and other liabilities	2,341,976	1,108,440	111.3%
Long-term obligations	2,605,461	1,056,575	146.6%
Total liabilities	<u>4,947,438</u>	<u>2,165,015</u>	128.5%
Net position			
Net investment in capital assets	4,347,293	4,758,822	-8.6%
Restricted – Debt service	1,357,022	16,700	8,025.9%
Unrestricted	10,026,749	10,016,481	0.1%
Total net position	<u>\$ 15,731,064</u>	<u>\$ 14,792,003</u>	6.3%

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 \$939,060 from June 30, 2022 to June 30, 2023. 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 Year Ended June 30, 2023

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Operating revenues	\$ 14,342,905	\$ 13,915,047	3.1%
Operating expenses	13,818,507	13,913,267	-0.7%
Operating income (loss)	524,399	1,780	29,360.6%
Nonoperating revenues and expenses	414,662	217,773	90.4%
Increase (decrease) in net position	<u>\$ 939,060</u>	<u>\$ 219,553</u>	<u>327.7%</u>

Operating revenues increased by \$427,858 while operating expenses decreased by \$94,760. Nonoperating revenues and expenses increased by \$196,889. The majority of the increase in operating revenues resulted from increases in residential program revenue (\$441,352), ad valorem tax revenue (\$79,892), and waiver program revenue (\$71,191), which were partially offset by a decrease in LA health care Hope House revenue (\$178,549). The majority of the decrease in operating expenses resulted from decreases in salary and benefit-related expenses (\$251,680), which were partially offset by increases in facility maintenance expenses (\$88,517) and travel and mileage reimbursement expenses (\$59,942).

CAPITAL ASSETS AND DEBT ADMINISTRATION

**Schedule of Capital Assets (Net of Accumulated Depreciation)
June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Land	\$ 413,025	\$ 413,025
Construction in progress	1,589,002	379,820
Buildings and building improvements	6,381,733	6,212,040
Leasehold improvements	2,513,727	2,498,705
Furniture, fixtures, and equipment	2,151,095	1,533,655
Motor vehicles	1,198,436	1,194,107
Less: Accumulated depreciation	<u>(6,543,845)</u>	<u>(6,068,075)</u>
Capital assets, net	<u>\$ 7,703,173</u>	<u>\$ 6,163,277</u>

At June 30, 2023, there was a book balance of \$7,703,173 (that is a balance of \$14,247,018, net of accumulated depreciation of \$6,543,845) invested in capital assets that consisted of land, buildings, vehicles, equipment, and furniture and fixtures. There were \$2,038,170 in additions to construction in progress, buildings, furniture, fixtures and equipment, and vehicles, and there were \$22,504 in disposals of assets. The majority of the additions were a result of the Hospital purchasing an existing building for approximately \$1,100,000 during the year and beginning the related construction to open a new behavioral health facility that is expected to be completed during the 2024 fiscal year.

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Management's Discussion and Analysis

For the Year Ended June 30, 2023

Summary of Long-Term Debt

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue Bonds, Series 2020	\$ 1,075,000	\$ 1,240,000
Certificate of Indebtedness, Series 2022	2,037,500	-
Compensated absences	215,959	193,524
Total long-term debt	<u>\$ 3,328,459</u>	<u>\$ 1,433,524</u>

The Hospital has outstanding long-term obligations relating to compensated absences (accrued vacation, sick, and compensatory leave), revenue bonds, and a certificate of indebtedness. The certificate of indebtedness was issued during the current year in the amount of \$3,500,000 for the previously mentioned purpose of opening a new behavioral health facility. As of June 30, 2023, \$2,037,500 of the \$3,500,000 balance had been drawn on the certificate. The remaining balance is expected to be drawn during the 2024 fiscal year. All long-term debts are described further 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 N. 3rd Street, Monroe, LA 71201.

BASIC FINANCIAL STATEMENTS

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Statement of Net Position

June 30, 2023

Assets

Current assets

Cash and cash equivalents	\$ 9,629,845
Investments	177,861
Receivables	1,294,793
Prepaid and other assets	242,354
Total current assets	<u>11,344,853</u>

Restricted assets

Cash—individuals' fund accounts	273,454
Cash—debt service funds	1,357,022
Total restricted assets	<u>1,630,476</u>

Capital assets, net

7,703,173

Total assets

\$ 20,678,502

Liabilities and Net Position

Current liabilities (payable from current assets)

Accounts and retainage payable	\$ 316,043
Accrued payroll	81,822
Withholding and payroll taxes payable	7,025
Interest payable	36,183
Deferred revenue	911,437
Other liabilities	17,399
Current portion of long-term obligations	698,081
Total current liabilities	<u>2,067,989</u>

Payable from restricted assets

Individuals' funds liability	273,987
Total payable from restricted assets	<u>273,987</u>

Long-term liabilities

Long-term obligations, net of current portion	2,630,378
Less: Unamortized bond issuance costs	(24,917)
Total long-term liabilities	<u>2,605,461</u>

Total liabilities

\$ 4,947,438

Net position

Net investment in capital assets	\$ 4,347,293
Restricted for debt service	1,357,022
Unrestricted	10,026,749

Total net position

\$ 15,731,064

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

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2023

Operating revenues

Charges for services	
Intergovernmental revenues	
State of Louisiana	
Title XIX residential program	\$ 8,773,899
Title XIX waiver program	2,596,803
LA health care	4,030
Local	
Ad valorem tax revenues	1,841,105
Total intergovernmental revenues	<u>13,215,837</u>
Private revenue	
Residential program	1,003,117
Other service revenue	
Employment services	123,952
Total operating revenues	<u>14,342,905</u>

Operating expenses

Salaries	7,525,350
Payroll taxes and benefits	1,476,415
Supplies	555,950
Travel and mileage	179,666
Food	365,407
Facility	1,412,365
Insurance	519,708
Professional fees	1,285,368
Depreciation	498,276
Total operating expenses	<u>13,818,507</u>

Operating income (loss)

524,399

Nonoperating revenues and expenses

Interest income	245,136
Interest expense	(70,685)
Rental income	15,000
Sale of bed licenses	160,000
Miscellaneous income	65,211
Excess of nonoperating revenues over nonoperating expenses	<u>414,662</u>

Changes in net position

939,060

Net position at beginning of year

14,792,004

Total net position at end of year

\$ 15,731,064

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

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

Statement of Cash Flows
As of and for the Year Ended June 30, 2023

Cash flow from operating activities	
Cash received from intergovernmental agencies	\$ 14,191,579
Cash received from patients and others	1,091,618
Payments to employees for services and benefits	(9,374,900)
Payments to suppliers	(4,063,815)
Net cash flow provided (used) by operating activities	<u>1,844,481</u>
Cash flow from noncapital financing activities	
Sale of bed licenses	160,000
Miscellaneous income	65,211
Net cash flow provided (used) by noncapital financing activities	<u>225,211</u>
Cash flow from capital and related financing activities	
Proceeds from the issuance of debt	2,037,500
Purchases of capital assets	(2,038,170)
Cash paid for interest	(41,918)
Payment on long term obligations	(165,000)
Net cash flow provided (used) used by capital and related financing activities	<u>(207,588)</u>
Cash flow from investing activities	
Rental income	15,000
Interest income	243,542
Net cash flow provided (used) by investing activities	<u>258,542</u>
Increase (decrease) in cash and cash equivalents	2,120,647
Cash and cash equivalents at beginning of year	<u>8,866,220</u>
Cash and cash equivalents at end of year	<u>\$ 10,986,867</u>

(Continued)

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

Statement of Cash Flows
As of and for the Year Ended June 30, 2023

Reconciliation of operating loss to net cash provided (used) by operating activities

Operating income (loss)	\$ <u>524,399</u>
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	498,276
Changes in current assets and liabilities	
Accounts receivable	28,855
Prepaid items	(15,207)
Accounts and retainage payable	108,250
Accrued payroll and related liabilities	(238,257)
Accrued vacation and sick leave payable	22,435
Deferred revenue	911,437
Other liabilities	4,292
Total adjustments	<u>1,320,082</u>
Net cash provided (used) by operating activities	\$ <u><u>1,844,481</u></u>

Cash and cash equivalents consist of the following:

Current assets	
Cash and cash equivalents	\$ 9,629,845
Restricted assets	
Cash–debt service funds	<u>1,357,022</u>
Total cash and cash equivalents	\$ <u><u>10,986,867</u></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.

(Concluded)

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

NOTES TO THE FINANCIAL STATEMENTS

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Notes to the Financial Statements

For the Year Ended June 30, 2023

History

G. B. Cooley Hospital Service District (the Hospital) is a training facility that provides twenty-four-hour care for individuals with intellectual 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 127 beds across 16 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 \$150 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, Louisiana

Notes to the Financial Statements

For the Year Ended June 30, 2023

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 and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. The Hospital considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

D. 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.

E. 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.

F. 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.

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Notes to the Financial Statements

For the Year Ended June 30, 2023

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

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.

G. Prepaid and Other Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid and other assets.

H. 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. The Hospital reports a portion of its accrued vacation liability as a current liability based upon the ratio of leave taken to leave accrued during the current year. This ratio is multiplied by the total ending liability to determine the amount estimated to be due within one year.

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. The Hospital therefore does not accrue a liability for sick leave and recognizes payments of accrued sick leave upon retirement as they occur.

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Notes to the Financial Statements

For the Year Ended June 30, 2023

I. Net Position

Net position is comprised of the various net earnings from operations and 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 net position – 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 net position – consists of all other net assets that are not included in the other categories previously mentioned.

J. 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2023:

Cash in bank – Checking and savings deposits	\$ 11,257,093
Petty cash	3,228
Total cash and cash equivalents	<u>\$ 11,260,321</u>

Deposits with financial institutions consisted of the following at June 30, 2023:

Current assets	
Cash in bank – Checking and savings deposits	\$ 9,676,099
Restricted assets	
Restricted cash – Debt service	1,357,022
Restricted cash – Individuals' funds	280,003
Total deposits	<u>\$ 11,313,124</u>

Custodial credit risk—deposits – At year-end, as reported on the Statement of Net Position, the book balance of the Hospital's deposits was \$11,257,093 (cash and cash equivalents less petty cash, plus restricted cash). The Hospital's bank balances totaled \$11,313,124 at June 30, 2023.

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Notes to the Financial Statements

For the Year Ended June 30, 2023

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, 2023, bank balances, \$1,000,000 was covered by Federal Depository Insurance, \$10,303,550 was covered by pledged securities, and the remaining \$9,574 was uninsured.

Note 3 – Investments

Investments held by the Hospital at June 30, 2023 consisted entirely of certificates of deposit with maturities greater than 90 days. The Hospital had investments of \$177,861 stated at cost, which approximates market value. The entire amount was covered by Federal Depository Insurance as of June 30, 2023.

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, 2023, 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, Louisiana

Notes to the Financial Statements

For the Year Ended June 30, 2023

Note 4 – Receivables

Receivables consisted of the following at June 30, 2023:

State of Louisiana		
Title XIX residential program	\$	894,852
Title XIX waiver program		207,128
Private pay – residential program		87,411
Employment services		65,802
Other receivables		39,600
Total receivables	\$	<u>1,294,793</u>

Revenue from governmental agencies accounted for 92.1% of total revenues for the year ended June 30, 2023. Receivables from governmental agencies accounted for 85.1% of total receivables at June 30, 2023.

Note 5 – Capital Assets

Changes in capital assets for the year ended June 30, 2023 were as follows:

	June 30, 2022	Additions	Deductions	June 30, 2023
Nondepreciable assets				
Land	\$ 413,025	\$ -	\$ -	\$ 413,025
Construction in progress	379,820	2,005,271	(796,089)	1,589,002
Total nondepreciable assets	<u>792,845</u>	<u>2,005,271</u>	<u>(796,089)</u>	<u>2,002,027</u>
Depreciable assets				
Buildings	6,212,040	169,693	-	6,381,733
Leasehold improvements	2,498,705	15,022	-	2,513,727
Furniture, fixtures, & equip.	1,533,655	617,440	-	2,151,095
Vehicles	1,194,107	26,833	(22,504)	1,198,436
Total depreciable assets	11,438,507	828,988	(22,504)	12,244,991
Less: Accumulated deprec.	<u>(6,068,075)</u>	<u>(498,276)</u>	<u>22,504</u>	<u>(6,543,845)</u>
Depreciable assets, net	<u>5,370,432</u>	<u>330,712</u>	<u>-</u>	<u>5,701,146</u>
Capital assets, net	<u>\$ 6,163,277</u>	<u>\$ 2,335,983</u>	<u>\$ (796,089)</u>	<u>\$ 7,703,173</u>

Depreciation expense was \$498,276 for the year ended June 30, 2023.

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Notes to the Financial Statements

For the Year Ended June 30, 2023

Note 6 – Restricted Cash

Per the terms of its bond agreements, which are further discussed in Note 7, the Hospital is required to maintain various bank accounts related to debt service. These accounts are reflected in restricted assets as cash–debt service funds on the statement of net position in the amount of \$1,357,022 as of June 30, 2023. This amount is comprised of \$682,089 in debt service funds, \$665,014 in debt reserve funds, and \$9,919 in the sinking fund.

The Hospital is also 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 statement of net position in the amount of \$273,454 as of June 30, 2023.

Note 7 – Long-Term Obligations

A summary of changes in long-term obligations for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Revenue Bonds	\$ 1,240,000	\$ -	\$ (165,000)	\$ 1,075,000	\$ 170,000
Certificate of Indebtedness	-	2,037,500	-	2,037,500	324,000
Compensated absences	193,524	287,960	(265,525)	215,959	204,081
Total	<u>\$ 1,433,524</u>	<u>\$ 2,325,460</u>	<u>\$ (430,525)</u>	<u>\$ 3,328,459</u>	<u>\$ 698,081</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 future minimum debt service requirements to maturity for the Revenue Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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
	<u>\$ 1,075,000</u>	<u>\$ 110,304</u>	<u>\$ 1,185,304</u>

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Notes to the Financial Statements

For the Year Ended June 30, 2023

During the year ended June 30, 2023, the Hospital issued a \$3,500,000 Certificate of Indebtedness, Series 2022 (the Certificate) for the purpose of paying the cost of acquiring, constructing, renovating, and equipping an existing building for use as a free-standing psychiatric hospital and behavioral health outpatient services facility in Monroe, Louisiana, and for paying costs of issuance. The Certificate has a stated maturity date of March 1, 2032, carries an annual interest rate of 4.46%, and is also secured and payable by the excess of the Hospital's annual revenues above statutory, contractual, necessary, and usual charges. As of June 30, 2023, the Hospital had drawn \$2,037,500 of the total issuance of \$3,500,000. The remaining amount is expected to be drawn during the 2024 fiscal year. The future minimum debt service requirements to maturity for the Certificate are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 324,000	\$ 93,466	\$ 417,466
2025	339,000	141,650	480,650
2026	354,000	126,530	480,530
2027	370,000	110,742	480,742
2028	386,000	94,240	480,240
2029-2032	1,727,000	196,775	1,923,775
	<u>\$ 3,500,000</u>	<u>\$ 763,403</u>	<u>\$ 4,263,403</u>

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 2022 property tax calendar was as follows:

Assessment	January 1, 2022
Levy Date	November 15, 2022
Total Taxes Are Due	December 31, 2022
Lien Date	January 1, 2023

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

Notes to the Financial Statements

For the Year Ended June 30, 2023

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 fiscal year.

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 (the MHA) to manage the Walnut, Shannon, South Grand, Spurgeon, and Texas Street Community Homes. The monthly rental, calculated by the MHA, is based on the amount of each resident's monthly Social Security benefits. The Hospital is billed monthly. Amounts paid to the MHA for the year ended June 30, 2023 were \$137,280.

The management contract was recently amended during the 2021 fiscal year to extend until December 31, 2028 for the Walnut, Shannon, and Texas Street homes. However, the Hospital and the MHA entered into a buy and sale agreement on the Walnut home, which was closed in July 2023. The Hospital also bought the Shannon and Texas Street homes. As a result, the management contract was terminated and the Hospital will no longer owe rents to the MHA after the current year.

Note 10 – Subsequent Events

The Hospital has evaluated subsequent events through December 18, 2023, the date at which the financial statements were available for issue, and noted the following event that occurred subsequent to the reporting period and requires disclosure.

In September 2023, the Hospital sold the Walnut community home for \$219,756 and terminated its management contract with the MHA. No entry has been made to the June 30, 2023 financial statements.

SUPPLEMENTARY INFORMATION

G. B. COOLEY HOSPITAL SERVICE DISTRICT
Monroe, Louisiana

Schedule of Per Diem Paid to Board Members
For the Year Ended June 30, 2023

Board Member	Amount
Dan Sartor	\$ 775
Taronda Goodin	785
Jackie Slack	775
Kenneth Wilson	675
Cindy Johns	830
Lynn Wilson	830
Dawn Stanfield	820
	<u>\$ 5,490</u>

G. B. COOLEY HOSPITAL SERVICE DISTRICT

Monroe, Louisiana

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

For the Year Ended June 30, 2023

Benjamin Pitts, Executive Director

Purpose	Amount
Salary	\$ 150,945
Benefits	
Health insurance	33,205
Life insurance	70
Retirement	1,300
Vehicle provided by government	3,840
Other	
Vacation time cash-in	14,793
	<u>\$ 204,153</u>

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, 2023, 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 18, 2023.

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) as a basis for designing 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 Hospital'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 or significant deficiencies may exist that were not identified

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

Report on 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 18, 2023

REPORT REQUIRED BY THE LOUISIANA LEGISLATIVE AUDITOR



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INDEPENDENT ACCOUNTANTS' 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, 2022 through June 30, 2023. **G.B. Cooley Hospital Service District's** (the Hospital's) 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 the LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, the 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:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **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.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **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).

- v. ***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 rates of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. ***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.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***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.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Result: The Hospital did not have written policies and procedures addressing the following areas:

- Payroll/Personnel, (3)
- Information Technology Disaster Recovery/Business Continuity, (1) through (6)
- Prevention of Sexual Harassment, (2) and (3).

2) Board or Finance Committee

- A. 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
- i. 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.
 - ii. For those entities reporting on the governmental accounting model, observe whether 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.
 - iii. 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.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Result: No exceptions were identified as a result of this procedure.

3) Bank Reconciliations

- A. 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:
- i. 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);
 - ii. Bank reconciliations include written evidence that a member of management or a 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
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Result: No exceptions were identified as a result of this procedure.

4) Collections (excluding electronic funds transfers)

- A. 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).
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also 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; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. 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 in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. 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).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Result: The Hospital's operations do not necessitate the use of receipts, and as such, no receipts are used.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. 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;
 - iv. 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; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A 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
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

Result: No exceptions were identified as a result of this procedure.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.
- B. 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
 - i. Observe whether 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) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Result: No exceptions were identified as a result of this procedure.

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

- A. 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 and 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
 - i. 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);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

- iii. 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 Policies and Procedures procedure #1A(vii); and
- iv. 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 this procedure.

8) Contracts

- A. 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. 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
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. 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, the documented approval); and
 - iv. 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 this procedure.

9) Payroll and Personnel

- A. 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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. 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 and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. 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 this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Result: No exceptions were identified as a result of this procedure.

11) Debt Service

- A. 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 as required by Article VII, Section 8 of the Louisiana Constitution.
- B. 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 this procedure.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.
- B. 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 this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures,
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, 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 as required by R.S. 42:343.
- B. 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).

- C. 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 the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Result: The Hospital did not have its sexual harassment policy and complaint procedure posted on its website. The Hospital also did not have an annual sexual harassment report.

Management's Response to Results

We will review our written policies and procedures and update them as necessary to comply with the requirements. We will post our sexual harassment policy and complaint procedure on our website. We will complete the annual sexual harassment report going forward.

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 18, 2023