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G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS

**Financial Report
For the Year Ended June 30, 2000**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 01/17/01

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2000**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report -----	1
 <u>FINANCIAL STATEMENTS</u> 	
Balance Sheets -----	4
Statement of Revenues, Expenses and Changes in Retained Earnings - Budget (GAAP Basis) and Actual -----	5
Statements of Cash Flows -----	7
Notes to Financial Statements -----	8
 <u>OTHER SUPPLEMENTARY INFORMATION</u> 	
Schedule 1 - Schedule of Community Living Revenue and Expenses -----	20*
 <u>SUPPLEMENTARY INFORMATION - GRANT ACTIVITY</u> 	
Schedule of Expenditures of Federal Awards -----	23*
Schedule of Expenditures of State Awards -----	24*
Notes to Schedules of Expenditures of Federal and State Awards -----	25
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> -----	26
Schedule of Findings -----	28
Summary Status of Prior Year Findings -----	31



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INDEPENDENT AUDITORS' REPORT

**The Board of Commissioners
G. B. Cooley Hospital
for Retarded Citizens
West Monroe, Louisiana**

We have audited the accompanying component unit financial statements of **G. B. Cooley Hospital for Retarded Citizens** (a component unit of the Ouachita Parish Police Jury - the Hospital), as of June 30, 2000, and for the year then ended, as listed in the accompanying Table of Contents. These financial statements are the responsibility of management of the Hospital. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide* issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2000, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2000 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Board of Commissioners
G. B. Cooley Hospital for
Retarded Citizens**

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Hospital. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the financial statements of the Hospital.



(A Professional Accounting Corporation)

November 10, 2000

FINANCIAL STATEMENTS

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
BALANCE SHEETS**

	June 30,	
	2000	1999
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 347,609	\$ 1,072,340
Investments	2,032,179	2,031,612
Interest Receivable	30,424	32,051
Receivables, Net of Allowance for Doubtful Accounts of \$25,470 and \$166,147 (Note 4)	1,078,248	882,168
Inventory	2,463	2,530
Prepaid Items	3,019	44,885
Total Current Assets	3,493,942	4,065,586
Restricted Assets		
Cash - Cottage Life Funds	9,658	6,677
Property and Equipment, Net (Note 5)	1,656,317	1,576,830
Other Assets		
Medical Self - Insurance Deposit	36	36
Total Other Assets	36	36
TOTAL ASSETS	\$ 5,159,953	\$ 5,649,129

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

	June 30,	
	<u>2000</u>	<u>1999</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	\$ 225,259	\$ 369,382
Individuals' Funds Liability (Note 7)	101,228	95,005
Accrued Payroll	190,676	139,833
Withholding and Payroll Taxes Payable	12,332	-
Other Payroll Deductions and Retirement Benefits Payable	41,810	46,493
Accrued Vacation and Sick Pay, Current Portion (Note 8)	467,283	423,727
Total Current Liabilities	<u>1,038,588</u>	<u>1,074,440</u>
Long - Term Liabilities		
Accrued Vacation and Sick Pay, Net of Current Portion (Note 8)	<u>34,115</u>	<u>40,711</u>
Total Liabilities	1,072,703	1,115,151
Fund Equity		
Contributed Capital:		
Governmental Units	1,742,544	1,742,544
Others	50,400	50,400
Total Contributed Capital	<u>1,792,944</u>	<u>1,792,944</u>
Retained Earnings:		
Reserved for Cottage Life Funds	9,658	6,677
Unreserved	2,284,648	2,734,357
Total Retained Earnings	<u>2,294,306</u>	<u>2,741,034</u>
Total Fund Equity	<u>4,087,250</u>	<u>4,533,978</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 5,159,953</u>	<u>\$ 5,649,129</u>

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>1999</u>
Operating Revenues				
Charges for Services:				
Intergovernmental Revenues				
State of Louisiana				
Title XIX Residential Program	\$ 7,179,100	\$ 6,730,732	\$ (448,368)	\$ 6,691,353
Title XIX Waiver Program	1,063,000	1,140,852	77,852	770,231
Supervised Apartments Program	27,300	24,922	(2,378)	23,534
Adult Rehabilitation Program	48,200	43,900	(4,300)	56,125
Vocational Rehabilitation Program	5,400	4,915	(485)	23,617
One On One Staff Program	-	36,703	36,703	-
Federal				
Preschool Enrichment Program	73,100	75,372	2,272	59,550
Total Intergovernmental Revenues	<u>8,396,100</u>	<u>8,057,396</u>	<u>(338,704)</u>	<u>7,624,410</u>
Private Revenues			-	
Residential Program	420,900	394,635	(26,265)	371,350
Early Intervention Center	90,000	90,130	130	89,776
Total Private Revenues	<u>510,900</u>	<u>484,765</u>	<u>(26,135)</u>	<u>461,126</u>
Other Services Revenues				
Employment Services	98,000	95,085	(2,915)	113,197
School Food Services	10,400	10,724	324	14,308
Total Other Services Revenues	<u>108,400</u>	<u>105,809</u>	<u>(2,591)</u>	<u>127,505</u>
Total Operating Revenues	9,015,400	8,647,970	(367,430)	8,213,041
Operating Expenses				
Salaries	6,350,000	6,383,217	(33,217)	6,040,254
Payroll Taxes and Benefits	1,200,000	1,219,219	(19,219)	1,021,048
Supplies	225,000	189,547	35,453	231,487
Travel and Mileage	160,000	164,655	(4,655)	136,448
Food	240,000	208,591	31,409	210,647
Facility	605,000	592,954	12,046	616,371
Insurance	260,000	208,134	51,866	199,181
Leisure	20,000	9,288	10,712	13,859
Professional Fees	790,000	782,620	7,380	682,865
Bad Debts	75,000	14,785	60,215	76,280
Depreciation	290,000	309,717	(19,717)	299,719
Total Operating Expenses	<u>10,215,000</u>	<u>10,082,727</u>	<u>132,273</u>	<u>9,528,159</u>
Operating Loss	(1,199,600)	(1,434,757)	(235,157)	(1,315,118)

(Continued)

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS-BUDGET (GAAP BASIS) AND ACTUAL (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>1999</u>
Nonoperating Revenues and Expenses				
Ad Valorem Tax Revenues	753,100	815,274	62,174	750,881
Interest Income	129,100	133,081	3,981	139,414
Cottage Life, Excess (Deficiency) of Contributions Received Over Expenses	-	6,200	6,200	(2,975)
Miscellaneous Income	14,900	40,625	25,725	64,740
Gain (Loss) on Disposal of Property and Equipment	2,500	(7,151)	(9,651)	(9,258)
Excess of Nonoperating Revenues Over Nonoperating Expenses	<u>899,600</u>	<u>988,029</u>	<u>88,429</u>	<u>942,802</u>
Net Loss	(300,000)	(446,728)	(146,728)	(372,316)
Retained Earnings at Beginning of Year		<u>2,741,034</u>		<u>3,113,350</u>
RETAINED EARNINGS AT END OF YEAR		<u>\$ 2,294,306</u>		<u>\$ 2,741,034</u>

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

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
Cash Flows From Operating Activities		
Operating Loss	\$ (1,434,757)	\$ (1,315,118)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	309,717	299,719
Provision for Bad Debts	14,785	76,280
Loss on Disposition of Equipment	7,151	9,258
Change in Current Assets and Liabilities:		
Interest Receivable	1,627	6,949
Receivables	(210,865)	(116,927)
Inventory	67	164
Prepaid Items	41,866	16,806
Accounts Payable	(144,123)	222,500
Client Funds Liability	6,223	16,928
Accrued Payroll Payable	50,843	18,468
Withholding and Payroll Taxes Payable	12,332	(2,936)
Other Payroll Deductions Payable	(4,683)	27,411
Accrued Vacation and Sick Leave Payable	36,960	76,114
Total Adjustments	121,900	650,734
Net Cash Used by Operating Activities	(1,312,857)	(664,384)
 Cash Flows From Noncapital Financing Activities		
Tax Revenues	815,274	750,881
Contributions - Cottage Life, Net of Expense	6,200	(2,975)
Miscellaneous Income	40,625	64,740
Net Cash Provided by Noncapital Financing Activities	862,099	812,646
 Cash Flows From Capital and Related Financing Activities		
Proceeds from Sale of Property and Equipment	1,407	3,836
Acquisition of Property and Equipment	(404,913)	(391,948)
Net Cash Used by Capital Investment Activities	(403,506)	(388,112)
 Cash Flows From Investing Activities		
Interest Income	133,081	139,414
Maturities of Investments, Net	(567)	66,265
Net Cash Provided by Investing Activities	132,514	205,679
 Decrease in Cash and Cash Equivalents	(721,750)	(34,171)
 Cash and Cash Equivalents at Beginning of Year	1,079,017	1,113,188
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 357,267	\$ 1,079,017
CASH AND CASH EQUIVALENTS SHOWN ON BALANCE SHEET AS:		
Current Assets:		
Cash and Cash Equivalents	\$ 347,609	\$ 1,072,340
Restricted Assets:		
Cash - Cottage Life Funds	9,658	6,677
TOTAL CASH AND CASH EQUIVALENTS	\$ 357,267	\$ 1,079,017

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1 - Summary of Significant Accounting Policies

A. History

G. B. Cooley Hospital for Retarded Citizens (the Hospital) is a training facility that provides twenty-four hour care for the mentally retarded. The Hospital was created April 11, 1962, by Ordinance Number 7127 of the Ouachita Parish Policy Jury. The Hospital provides all basic needs for each individual, including speech therapy, occupational therapy, physical therapy, psychological services and vocational training services. The vocational training objective is to teach individuals vocational skills in order that they may be eligible for community employment.

The Hospital is a component unit of the Ouachita Parish Police Jury because the Police Jury appoints the Board and there is the potential for the Hospital to provide specific financial benefits to or impose specific financial burdens on the Ouachita Parish Police Jury. Each member of the Board of Commissioners must be a qualified voter and resident of the Hospital Service District. The Board of Commissioners consists of seven members, each appointed to a six-year term. The members receive a travel allowance of \$25 per meeting attended.

B. Basis of Accounting and Presentation

The accompanying component unit financial statements of the Hospital have been prepared in conformity with generally accepted accounting principals (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. With regard to it's proprietary activities, the Hospital has elected not to apply Financial Accounting Standards Board statements and interpretation issued since November 30, 1989 unless they are adopted by the GASB.

C. Budgets and Budgetary Accounting

The Hospital follows these procedures in establishing the budgetary data reflected in these financial statements:

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

1. At least thirty days prior to the beginning of the fiscal year, the Administrator submits to the Board of Commissioners a proposed operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Board of Commissioners after allowing for at least ten days notice to the public at the time the budget is initially submitted to the Board of Commissioners.
3. The final budget must be adopted by the Board of Commissioners no later than fifteen days before the beginning of the fiscal year.
4. Any subsequent revisions requiring alteration of levels of expenditures or transfers between functions must be approved by the Board of Commissioners and subjected to public hearing procedures as explained above.
5. Operating appropriations, to the extent not expended, lapse at year-end. Capital appropriations continue in force until the project is completed.

D. Cash Equivalents

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

E. Receivables - Bad Debts

The Hospital has established an Allowance for Doubtful Accounts based on management's assessment of ultimate collectability of older outstanding receivables.

F. Inventory

Inventory consists primarily of various maintenance and purchasing supplies. The inventory is recorded at the lower of cost or market using the first-in, first-out (FIFO) method.

G. Property and Equipment

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

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

Buildings	20 - 25 Years
Leasehold Improvements	20 - 25 Years
Furniture and Equipment	5 - 20 Years
Vehicles	4 Years

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

H. Reserves of Retained Earnings

Some portion of retained earnings is reserved to indicate that a portion of the fund equity is restricted for a specific future use and is not available for appropriation or expenditure.

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.

J. Reclassifications

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following:

	June 30,	
	2000	1999
Current Assets:		
Cash on Hand, and in Bank		
Checking and Savings Deposits	\$ 347,609	\$ 903,340
Bank Time Deposits (Short Term)	-	169,000
Total Current Assets	347,609	1,072,340
Restricted Assets:		
Checking Deposits -- Cottage Life Funds	9,658	6,677
TOTAL CASH AND CASH EQUIVALENTS	\$ 357,267	\$ 1,079,017

Cash on hand and in bank checking and savings deposits includes individuals' funds. See Note 7.

Note 3 - Cash and Cash Equivalents and Investments

At June 30, 2000, the carrying amount of the Hospital's deposits (checking, savings, short-term time deposits and long-term time deposits) and the corresponding bank balances were as follows:

	Balance per	
	Hospital	Bank
Checking and Savings Accounts	\$ 347,609	\$ 467,170
Bank Time Deposits (Short and Long Term)	703,628	702,511
Investments	1,328,551	1,328,551
TOTAL	\$ 2,379,788	\$ 2,498,232

Statutes require the Hospital to obtain sufficient collateral from financial institutions whenever the Hospital's deposits at the institution exceed the insured amount.

The Hospital has \$1,169,681 in deposits (collected bank balances) as of June 30, 2000, of which \$513,246 was secured from risk by federal deposit insurance (GASB 3 - Category 1). The balance of \$656,435 of the deposits are secured with pledged securities totaling \$2,170,330 held by the custodial bank in the name of the Hospital on behalf of the fiscal agent bank (GASB 3 - Category 2). The Hospital also has

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

investments in United States Government Securities totaling \$1,328,551 with maturities ranging from 150 to 180 days.

In accordance with GASB Statement No. 31, investments of the Hospital are stated at amortized cost, which approximates market value at June 30, 2000. GASB-31 states that U. S. Government obligations that have a remaining maturity at time of purchase of one year or less may be stated at amortized cost.

Note 4 - Receivables

Receivables consisted of the following:

	June 30,	
	2000	1999
State of Louisiana:		
Title XIX – Residential	\$ 544,682	\$ 697,333
Contractual Services	245,812	294,269
Individuals' Patient Liability	34,623	33,285
Reinsurance Receivable	202,809	-
Ad Valorem Taxes Receivable	53,190	-
Other Receivables	22,602	23,428
Total Receivables	1,103,718	1,048,315
Less: Allowance for Doubtful Accounts	(25,470)	(166,147)
Receivables, Net of Allowance for Doubtful Accounts	\$ 1,078,248	\$ 882,168

Of the 2000 and 1999 receivable balances, seventy-six percent and ninety-five percent, respectively was due from governmental agencies. The Hospital's contracts are primarily with governmental agencies. Therefore, a majority of the Hospital's revenue is derived from governmental sources.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 5 - Property and Equipment

Property and Equipment consisted of the following:

	June 30,	
	2000	1999
Buildings	\$ 404,672	\$ 370,656
Furniture, Fixtures and Equipment	1,423,137	1,354,820
Vehicles	981,020	944,676
Leasehold Improvements	2,158,850	2,022,963
Total Property and Equipment	4,967,679	4,693,115
Accumulated Depreciation	(3,569,350)	(3,359,273)
Net Depreciable Assets	1,398,329	1,333,842
Land	257,988	242,988
TOTAL PROPERTY AND EQUIPMENT	\$ 1,656,317	\$ 1,576,830

Depreciation expense was \$309,717 and \$299,719 for the years ended June 30, 2000 and 1999, respectively.

Note 6 - Risk Financing Activities

Through its primary government, the Ouachita Parish Police Jury, the Hospital participates in a self-funded program (the fund) for potential losses under general liability, property and fleet coverage and worker's compensation. The fund pays the premiums for reinsurance and pays all deductibles up to \$150,000 per occurrence, except for \$500 which is paid by the Hospital. The premiums, which are modified for experience and other factors, are computed annually. The reinsurance policy picks up all losses over the \$150,000 deductible with an aggregate coverage of \$2,000,000. The fund has approximately \$2,045,000 in assets at December 31, 1999. The Hospital contributed approximately \$218,000 into the fund during the year ended June 30, 2000.

Note 7 - Individuals' Funds Liability

Individuals' funds are maintained in accounts as follows:

	June 30,	
	2000	1999
Cash on Hand and in Bank	\$ 101,228	\$ 95,005

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Individuals' funds on hand and in banks are included in Cash and Cash Equivalents for balance sheet presentation. See Note 2.

G. B. Cooley Hospital is required under Title XIX to maintain cash which is the property of the individuals for their personal use. The amount of the individuals' cash is reflected in the individuals' funds liability account.

Note 8 - Compensated Absences

Employees of the Hospital earn vacation pay in varying amounts ranging from 10 to 25 working days per year depending upon length of service. Vacation hours must be used within 24 months of the date they were earned or they will be forfeited, unless approved by the appropriate director and/or the administrator. Subject to the above limitations, unused vacation is paid to an employee upon retirement, separation, or death at hourly rates being earned by that employee upon separation. Both full-time and part-time employees accrue sick leave according to a written formula. Sick leave may be carried forward from year to year with no limit on the number of hours that may be accrued. Except upon retirement, a terminated employee shall not be compensated for unused sick leave. Upon retirement, an employee shall be compensated up to a maximum of 60 days at a rate of pay averaged over the previous five years.

Accrued vacation and sick pay, including applicable salary related payments, consisted of:

	June 30,	
	2000	1999
Accrued Vacation	\$ 444,189	\$ 403,502
Accrued Sick Pay	57,209	60,936
Totals	501,398	464,438
Less: Current Portion	(467,283)	(423,727)
LONG-TERM PORTION	\$ 34,115	\$ 40,711

Note 9 - Employee Benefit Plans

Effective January 1, 1996 the Hospital adopted The G.B. Cooley Hospital For Retarded Citizens Retirement Plan (the Plan), a defined contribution retirement plan pursuant to Section 401(a) of the Internal Revenue Code. The Plan is administered by a bank trust department as a third-party trustee. The following information is intended to be a brief

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

summary of certain Plan provisions; participants should consult the Plan document for detailed information relating to the provisions of the Plan. The Plan covers all employees of the Hospital who have attained the age of 18 and have completed one year of eligibility service. The Hospital may make employer contributions each year at the discretion of management; participants may contribute up to 10% of their annual compensation. Employer contributions vest to the participants in full after the participant attains 5 or more years of service credit (a year in which the participant achieves at least 1,000 hours of service). Normal retirement age under the Plan is age 65. Benefits at retirement are payable in the form of a lump-sum distribution or in periodic payments as provided by the Plan.

The Hospital contributed \$160,046 and \$180,823 to the Plan for the years ended June 30, 2000 and 1999, respectively.

Note 10 - Property Taxes

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

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

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

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

The Sheriff of Ouachita Parish is the official tax collector of property taxes levied by the parish and special districts within the Parish. The 1999 property tax calendar was as follows:

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Assessment	January 1, 1999
Levy Date	November 15, 1999
Total Taxes Are Due	December 31, 1999
Penalties and Interest Were Added	January 1, 2000
Lien Date	January 1, 2000
Tax Sale – 1999 Delinquent Property	May 29, 2000

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

Note 11 - Commitments

A. Contract and Agreement

On October 18, 1977, 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 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 and the improvements are subject to the terms of the agreement. The terms of the agreement are effective until January 1, 2002, or until terminated by either party.

B. Leases

1. Community Homes

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Other community homes are leased from individuals for varying amounts ranging from \$650 to \$1,200 monthly, expiring at various dates through 2003.

2. Commercial Property

The Hospital leases an office at 1007 Gould Drive, Bossier City, Louisiana, for the Region 7 Waiver Case Management Office. The lease term is for February 5, 2000 through February 5, 2002 at \$750 per month.

The Hospital leases commercial property at 104 Sunshine Avenue, West Monroe, Louisiana, for the Children's Services program. The lease term is for May 1, 2000 through April 30, 2002.

The following schedule represents annual lease commitments under noncancellable operating leases:

<u>For Year Ended</u>	<u>Annual Lease Expense</u>
2001	\$ 164,500
2002	\$ 143,250
2003	\$ 85,425
2004	\$ 58,880
2005	\$ 58,880

Rent expense for the year ended June 30, 2000 was \$174,996 and includes \$58,859 in lease payments to the Monroe Housing Authority.

Rent expense for the year ended June 30, 1999, was \$163,084 and included \$58,653 in lease payments to the Monroe Housing Authority.

Note 12 - Commissioners' Fees

Members of the Board of Commissioners are paid a \$25 per month travel allowance for each board meeting attended. Payments were as follows:

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Commissioner	June 30, 2000 Travel Allowance Paid	June 30, 1999 Travel Allowance Paid
Sallie G. Caulfield - Resigned 9/99	\$ 25	\$ 225
Chester Halley	100	75
Lois Hoover	-	175
Jim Hutchinson	125	-
Ellen Johnson	150	175
Becky Lazenby - Appointed 8/99	75	-
Frederick C. McHenry - Resigned 11/99	50	175
Josie C. Roberts	125	200
Perry Thomas	125	175
Kenneth Wilson - Appointed 11/99	75	-
Total Travel -- Allowance Paid	\$ 850	\$ 1,200

Note 13 - Contingencies

There are several pending lawsuits in which the Hospital is involved. The Hospital's administration and attorneys are of the opinion that the potential claims against the Hospital, resulting from litigation, would not materially affect the financial position of the Hospital at June 30, 2000. The Hospital's administration is of the opinion that all potential claims, resulting from litigation, are covered by insurance.

The Hospital has two Letters of Credit for \$50,000 each for the benefit of the State of Louisiana Department of Health and Hospitals. These Letters of Credit, are effective for July 1, 2000 through July 1, 2001 and there were no funds advanced under these Letters of Credit at June 30, 2000.

OTHER SUPPLEMENTARY INFORMATION

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF COMMUNITY LIVING REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2000**

SCHEDULE I

		SHANNON	SPURGEON	SOUTH GRAND	WALNUT	TEXAS	TRENTON	GARRETT ROAD
DIRECTOR, NURSING, PSYCHOLOGY, SOCIAL SERVICES, COMMUNICATIONS AND DIETARY								
	\$	\$ 202,489	\$ 266,276	\$ 264,634	\$ 260,612	\$ 253,265	\$ 248,742	\$ 257,126
Operating Revenues								
Charges For Services:								
Intergovernmental Revenues:								
State of Louisiana								
Title XIX	\$	-	\$ 202,489	\$ 266,276	\$ 260,612	\$ 253,265	\$ 248,742	\$ 257,126
Private Revenues:								
Daily Service		11,164	13,314	22,352	17,431	25,300	1,615	22,464
Total Operating Revenues		213,653	279,590	286,986	278,043	278,565	250,357	279,590
Operating Expenses								
Salaries	249,543	108,258	100,783	106,364	96,800	109,662	103,449	102,323
Supplies	-	5,100	4,957	5,002	5,772	7,916	4,632	4,022
Travel and Mileage	-	1,690	3,000	3,582	2,183	2,174	1,481	1,565
Food	-	6,255	8,175	7,781	8,576	8,122	7,613	8,134
Facility and Maintenance	-	20,422	18,018	19,129	18,656	18,495	15,881	18,244
Professional Services	-	24,443	31,942	30,116	27,437	27,303	25,739	27,855
Leisure	-	273	334	369	283	326	291	506
Depreciation	-	1,157	804	858	1,718	1,199	944	983
Total Operating Expenses	249,543	167,598	168,013	173,201	161,425	175,197	160,030	163,632
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$	(249,543)	\$ 46,055	\$ 113,785	\$ 116,618	\$ 103,368	\$ 90,327	\$ 115,958

(continued)

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF COMMUNITY LIVING REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999**

SCHEDULE 1 (CONCLUDED)

	PARKER ROAD	LATHAM LANE	SUE DRIVE	PRAIRIE ROAD	ARKANSAS ROAD	EMERSON STREET	TENNESSEE STREET	HIGHWAY 15	TOTAL
Operating Revenues									
Charges For Services:									
Intergovernmental Revenues:									
State of Louisiana	\$ 281,492	\$ 172,277	\$ 274,273	\$ 355,693	\$ 286,644	\$ 191,473	\$ 269,420	\$ 255,085	\$ 3,839,501
Title XIX									
Private Revenues:									
Daily Service	4,586	73,667	26,495	17,874	7,043	18,687	24,266	38,601	324,859
Total Operating Revenues	286,078	245,944	300,768	373,567	293,687	210,160	293,686	293,686	4,164,360
Operating Expenses									
Salaries	96,181	113,868	112,481	164,682	103,611	104,108	116,336	117,672	1,906,121
Supplies	5,585	4,599	3,476	4,685	5,643	3,236	3,954	3,713	72,292
Travel and Mileage	1,638	1,870	4,445	2,877	1,690	1,711	3,187	2,034	35,127
Food	7,932	8,199	9,766	8,200	8,238	6,440	8,615	8,432	120,478
Facility and Maintenance	18,808	21,901	19,612	20,675	20,380	23,457	9,743	20,400	283,821
Professional Services	27,098	25,323	29,776	32,663	25,975	20,409	27,054	28,746	411,879
Leisure	329	549	470	552	82	190	670	400	5,624
Depreciation	1,714	1,965	1,105	1,187	1,546	682	5,813	1,791	23,466
Total Operating Expenses	159,285	178,274	181,131	235,521	167,165	160,233	175,372	183,188	2,858,808
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 126,793	\$ 67,670	\$ 119,637	\$ 138,046	\$ 126,522	\$ 49,927	\$ 118,314	\$ 110,498	\$ 1,305,552

SUPPLEMENTARY INFORMATION - GRANT ACTIVITY

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grants or Pass-Through Grantor/Program Title	C.F.D.A. Number	Grant Assistance ID Number	Award Amount	Expenditures
U.S. Department of Education				
LA Department of Education				
Early Intervention Program	84.181	28-98-H4 SVSC	\$ 136,890	\$ 20,829
Early Intervention Program	84.181	28-99-H4SVCS	136,890	54,543
TOTAL FEDERAL AWARDS			\$ 273,780	\$ 75,372

See Notes to Schedule of Expenditures of Federal and State Awards.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Grantor/Program Title	Grant Assistance ID Number	Award Amount	Expenditures
State of Louisiana Office of Human Services Department of Health and Hospitals Division of Mental Retardation Developmental Disabilities:			
Social Services Supported Living Supervised Apartments Program	DOA 340-000576 DHH 66364 OCDD 92 CFMS 543094	\$ 24,922	\$ 24,922
Social Services Supported Living Apartment Start Up Expenses Program	DHH 67279 OCDD 000274 CFMS 549817	2,000	2,000
Social Services Vocational and Habilitative Services Adult Rehabilitation Program	DOA 340-000535 DHH 66381 OCDD 65 CFMS 543064	44,745	43,900
State of Louisiana Department of Social Services Louisiana Rehabilitation Services Social Services Supported Employment Individual Job Placement Program		4,915	4,915
TOTAL STATE AWARDS		\$ 76,582	\$ 75,737

See Notes to Schedule of Expenditures of Federal and State Awards.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
JUNE 30, 2000**

A. General

The preceding Schedules of Expenditures of Federal and State Awards present the activity of all Federal and state financial assistance programs of G. B. Cooley Hospital for Retarded Citizens (the Hospital). The Hospital reporting entity is defined in Note 1 to the Hospital's financial statements. All Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards. However, the preceding schedules do not include any Title XIX or Waiver funds.

B. Basis of Accounting

The Schedules of Expenditures of Federal and State Awards are presented using the accrual basis of accounting, which is described in Note 1 to the Hospital's financial statements.

C. Relationship of the Schedules of Expenditures of Federal and State Awards to the Financial Statements

Federal and State Awards Revenues are included in intergovernmental revenue on the Statement of Revenues, Expenses and Changes in Retained Earnings - Budget (GAAP Basis) and Actual. Intergovernmental revenue consists of the following:

	Title XIX	Federal	State	Total Intergovernmental
Residential Program	\$ 6,730,732	\$ -	\$ -	\$ 6,730,732
Waiver Program	1,140,852	-	-	1,140,852
Supervised Apartments Program	-	-	24,922	24,922
Adult Rehabilitation Program	-	-	43,900	43,900
Early Intervention Program	-	75,372	-	75,372
Vocational Rehabilitation Program	-	-	4,915	4,915
One on One Staff Program	-	-	36,703	36,703
	<u>\$ 7,871,584</u>	<u>\$ 75,372</u>	<u>\$ 110,440</u>	<u>\$ 8,057,396</u>

The intergovernmental revenue of \$2,000 from Social Services Supported Living Apartment Start Up Expenses Program, that is reported on the State Awards Schedule of Expenditures, is reported net of expenses on the Statement of Revenues, Expenses and Changes in Retained Earnings – Budget (GAAP).

The intergovernmental revenue of \$36,703 from the One on One Staff Program, reported on the Statement of Revenues, Expenses and Changes in Retained Earnings – Budget (GAAP), is not included on the State Awards Schedule of Expenditures because the revenue is a reimbursement for services, and is not considered a State Award.

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

**The Board of Commissioners
G. B. Cooley Hospital for Retarded Citizens
West Monroe, Louisiana**

We have audited the financial statements of **G. B. Cooley Hospital for Retarded Citizens** (the Hospital) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 10, 2000. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Hospital's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items number 00-01, 00-02, 00-03 and 00-04.

**The Board of Commissioners
G. B. Cooley Hospital for Retarded Citizens
West Monroe, Louisiana**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management of the Hospital, awarding agencies and pass-through entities, other entities granting funds to the Hospital and the Legislative Auditor for the state of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

November 10, 2000

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF FINDINGS
JUNE 30, 2000**

00-01 Accounting for Insurance Proceeds

Finding:

Insurance proceeds for damage to property, particularly vehicles, is not being recorded on a consistent basis. In some instances, the proceeds are being credited to the related expense account; in other instances the proceeds are being credited to miscellaneous income. This situation was also noted in fiscal year 1999.

Recommendation:

Insurance proceeds should be charged to account 3999 "Insurance Proceeds for Damage to Property", along with the related expense incurred for the repair (up to the amount of insurance proceeds received). Therefore, account 3999 will only include insurance proceeds in excess of the cost to effectuate repairs. The accounts payable clerk can keep up with insurance proceeds and related repair expense and provide a schedule to the accountant so that necessary reclassification entries can be made.

Management's Corrective Action Plan:

Any monies received in excess of repairs to vehicles or property will be credited to account 3999.

00-02 Payroll Processing and Related Matters

Finding:

The payroll clerk is treating pretax life insurance benefits as an after tax item on the payroll reports. This creates an overpayment to the Internal Revenue Service and an over-withholding on the employee. For the second quarter of 2000, this created an overpayment, including the employer match for FICA and Medicare, of \$118.04. In a similar situation, the payroll clerk has reported deferred compensation amounts as exempt from all income and employment taxes. However, the deferral amount is subject to FICA and Medicare taxes. The payroll reports are incorrect and FICA and Medicare tax has been under-withheld from the employee and under paid to the Internal Revenue Service. For the second quarter of 2000, the amount under-withheld from the employee payroll and underpaid to the Internal Revenue Service, including the employer match, is \$527.86. These errors also cause errors in the reconciliation of salaries and wages between the general ledger expenses and the Form 941 used for payroll tax reporting.

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF FINDINGS
JUNE 30, 2000

Hospital policy requires that Supervisor's time reports be signed by both the immediate supervisor and the Team Director. In our sample of 24 payroll checks, four of the supporting time reports were only signed by the Team Director. Also in our sample of 24 checks, we found one instance in which the hours on the employee's time sheet differed from the hours on the Supervisor's report. The employee reported 82.75 hours and the Supervisor's report reflected 80.00 hours. Both of these situations existed in fiscal year 1999.

Recommendation:

Payroll expenses per the general ledger should be reconciled to the amounts reported on form 941 on a quarterly basis to ensure the wage bases are the same for both financial reporting and tax reporting. To provide for correct tax reporting, the Hospital should compare all insurance payroll deductions to the employee insurance enrollment forms, as the enrollment forms indicate which deductions are pretax and which are after tax. In addition, for amounts reported incorrectly to the Internal Revenue Service, FICA and Medicare withholdings should be corrected in order to report the revised amounts to the Internal Revenue Service.

The payroll clerk should follow established Hospital procedure regarding the dual signatures required on the Supervisor's time reports. The Departmental Supervisor should resolve differences between the employee time card and the Supervisor's payroll report prior to submission of the payroll report to payroll processing.

Management's Corrective Action Plan:

Payroll clerk will follow established procedures and will make sure signatures are on all documents.

00-03 Cash Disbursements Matters:

Finding:

We selected 25 cash disbursements for goods and services to determine that the Hospital's purchasing policies were in place and operating. Hospital policy requires that requisitions for purchases exceeding \$200 be reviewed and approved by the CEO. We noted one instance where a requisition for \$210 had been approved by the Team Leader but bore no evidence of review and approval by the CEO. We also noted one instance in which a time sheet for contract services did not bear evidence of approval by the Team Leader or the CEO. In addition, in our review of various categories of expenses, we noted several instances in which items were coded to the wrong account. This condition of coding errors also existed during fiscal year 1999.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF FINDINGS
JUNE 30, 2000**

Recommendation:

Hospital policy in the areas of review and approval should be adhered to in order to enhance the overall control environment. A current, complete chart of accounts should be prepared and distributed to all employees in the accounting and purchasing functions. All employees with coding responsibilities be trained to properly use the chart of accounts. The general ledger should be reviewed every month for obvious errors and coding errors should be corrected promptly. Corrective action (training) should be undertaken promptly to minimize the reoccurrence of such events.

Management's Corrective Action Plan:

A current and complete chart of accounts will be distributed to all employees in the Accounting Department. The General Ledger will be reviewed monthly by accountant to determine if there are any coding errors.

00-04 Completeness of Accounts Receivable

Finding:

In our tests of subsequent cash receipts, we determined that 2 Waiver programs in Region 8 did not have their accounts receivable properly included in the general ledger. These omissions totaled approximately \$16,000. It appears that the claims had been denied. The necessary corrections were made, but the claims were not properly rebilled. In addition, the claims were being tracked on the unpaid claims report; however, when the claim is written off prior to being rebilled, it does not appear on the unpaid claims report.

Recommendation:

We recommend that the accounts receivable clerk be properly trained as to how the write-off and rebill functions work to minimize the risk that amounts owed to the Hospital for services could be inadvertently omitted. An accounts receivable aging should be prepared for Region 8 receivables and reconciled to the general ledger every month to ensure that all accounts are included and can be followed up on for timely resolution of disputes.

Management's Corrective Action Plan:

The Accounts Receivable clerk will be trained as to how to write off and rebill amounts owed in Waiver Receivable. Procedures will be put in place to reconcile receivables to the General Ledger on a monthly basis.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SUMMARY STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2000**

MANAGEMENT LETTER COMMENTS

STATUS

Cash Disbursements for Goods and Services:

Evidence of Receipt

Cleared in fiscal 2000

Cancellation of Paid Invoices

Cleared in fiscal 2000

Authorized Signature

See current year finding

Cash Disbursements for Payroll:

Inadequate Approval of Supervisors' Payroll Report

See current year finding

Time Cards Not in Agreement with Supervisors' Payroll Report

See current year finding

Inadequate Documentation of Cafeteria Plan Deductions

Cleared in fiscal 2000

Inaccurate Expense Coding

See current year finding

Employee Portion of Health Insurance

Cleared in fiscal 2000

Recording of Insurance Proceeds

See current year finding

Off-Campus Event and Seminar Expenses

Cleared in fiscal 2000

MANAGEMENT LETTER

To Board of Commissioners G. B. Cooley Hospital for Retarded Citizens

In planning and performing our audit of the component unit financial statements of **G. B. Cooley Hospital for Retarded Citizens** (the Hospital) as of June 30, 2000, and for the year then ended, certain matters came to our attention which we believe should be conveyed to management of the Hospital. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated November 10, 2000, on those financial statements.

Capital Asset Policies:

Finding:

Hospital policy calls for items with a value of \$50 or more be tagged so that the physical location of the item can be tracked. The purchasing agent is not strictly adhering to this policy; if the purchasing agent believes that, based on the Hospital's past experience, that the item will not last for a year, the item is not being tagged. In addition, the purchasing agent is using a threshold of \$200 rather than the \$50 called for in Hospital policy.

The purchasing agent believes that the Hospital has a policy that only items costing \$500 or more should be capitalized. Our review of Hospital policy disclosed no such documented policy. In addition, the \$500 threshold has not been consistently applied, *i.e., items costing in excess of \$500 have been coded to expense by the purchasing agent and items costing less than \$500 have been coded to fixed assets and items that have been coded for expense have been tagged (see above).*

Recommendation:

The Hospital should review its policy on tagging of assets and determine its relevance. If it is considered non-responsive, it should be revised as necessary and communicated to the appropriate employees. If it is considered to be useful, it should be followed consistently to enhance accountability for assets.

Management Letter
G. B. Cooley Hospital for Retarded Citizens
Page 2 of 2

The Hospital should formalize its policy regarding the amount at which an asset is considered to be capitalized and communicate that policy to the appropriate employees so that it can be consistently applied.

Management's Corrective Action Plan:

Asset policy will be revised to reflect the difference between items to be tagged for tracking purposes and items to be capitalized when the expected useful life of an item is 5 years or more.



(A Professional Accounting Corporation)

November 10, 2000