

4033

RECEIVED
LEGISLATIVE AUDITOR
05 JAN -5 AM 11:34

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS

**Financial Report
For the Year Ended June 30, 2004**

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 2-9-05

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
OUACHITA PARISH
WEST MONROE, LOUISIANA**

**Basic Financial Statements
As of and for the Year Ended June 30, 2004
With Supplemental Information Schedules**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report -----	1
<u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Management Discussion & Analysis -----	4
<u>BASIC FINANCIAL STATEMENTS</u>	
Statements of Net Assets-----	8
Statements of Revenues, Expenses and Changes in Net Assets -----	10
Statements of Cash Flows -----	12
Notes to Financial Statements -----	14
<u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Per Diem Paid Board Members-----	26
Schedule of Expenditures of State Awards-----	27
Notes to Schedule of Expenditures of State Awards-----	28
Summary Status of Prior Year Findings -----	29
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> -----	32



Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atteberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the business-type activities of G. B. Cooley Hospital for Retarded Citizens (a component unit of the Ouachita Parish Police Jury – the Hospital) as of June 30, 2004 and 2003 and for the years then ended which collectively comprise the Hospital's basic financial statements as listed in the accompanying Table of Contents. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America; 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* published 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.

We were unable to obtain sufficient, competent, evidential matter from the Hospital's books, financial records, documents, etc. as of and for the year ended June 30, 2004 because a significant portion of them has been confiscated by the Louisiana Medicaid Fraud Control Unit in conjunction with its criminal investigation into allegations of ongoing intentional abuse and/or criminal neglect that occurred during that year. Therefore, we were unable to satisfy ourselves that the Hospital's basic financial statements as of and for the year ended June 30, 2004 are free of material misstatement by means of other auditing procedures.

**The Board of Commissioners
G. B. Cooley Hospital
For Retarded Citizens**

In our opinion, the June 30, 2003 basic financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Because of the matters discussed in the third paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the June 30, 2004 basic financial statements or the supplemental information on pages 26 through 28.

In accordance with *Government Auditing Standards*, we have also issued our report on compliance and internal control over financial reporting dated December 30, 2004. 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.

As discussed in Note 14 to the financial statements, the Hospital has expended certain federal and/or state grant funds in a manner that may have violated certain of the restrictive provisions of the related grants. The possible outcome of these matters, which have been reported to the appropriate officials, is uncertain at this time. Accordingly, no provision for any liability has been made to the financial statements for possible federal and/or state claims for refunds of those grant monies.



(A Professional Accounting Corporation)

December 30, 2004

REQUIRED SUPPLEMENTAL INFORMATION

G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS MANAGEMENT DISCUSSION & ANALYSIS

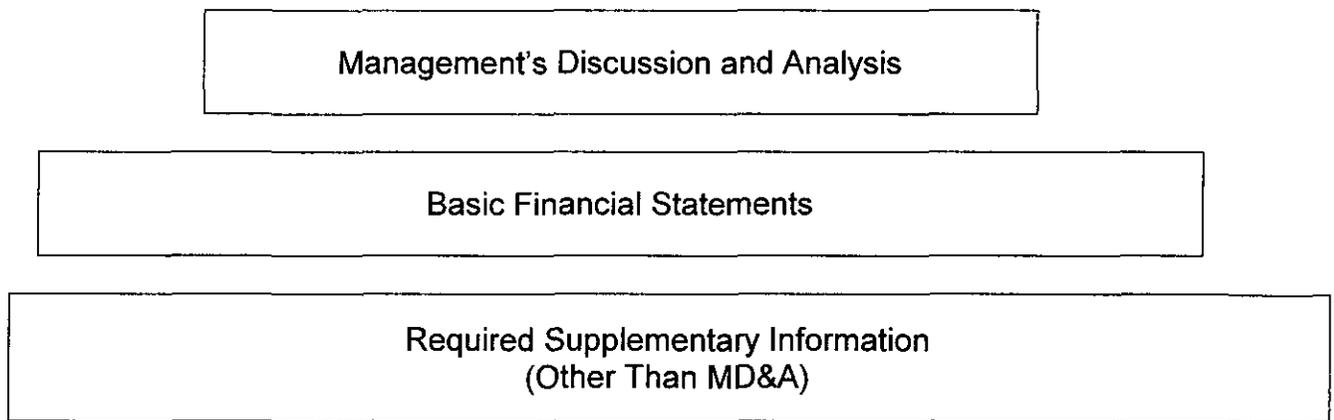
Our discussion and analysis of G. B. Cooley Hospital for Retarded Citizen's financial performance provides an overview of the hospital's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the hospital's basic financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The hospital's total net assets (that is the amount by which total assets exceed liabilities) was in the amount of \$3,464,584 at the close of fiscal year 2004, which represents a \$177,624 (or 5.4%) increase from last year.
- The hospital's operating revenue is generated primarily by state grants and is based on a per diem. Operating revenue is generally subject to the number of residents housed and can fluctuate from year to year but is generally consistent from year to year. The hospital's operating revenues increased by \$161,332 (or 1.7%).
- The hospital's nonoperating revenues consist primarily of ad valorem tax (94.1%), interest income (2.6%), and other income (3.3%). Ad valorem tax revenue is related to taxes on property in Ouachita Parish and collected by the Ouachita Parish Sheriff, and thus is more subject to fluctuation from year to year. Interest income is based on market rates established by financial institutions and have been in decline for the last few years.
- The hospital's expenses decreased by \$105,608 (or 1.0%) from \$10,745,623 last fiscal year to \$10,640,015 this fiscal year as a result of offsetting increases and decreases in cost.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
MANAGEMENT DISCUSSION & ANALYSIS**

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

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 Assets; the Statements of Revenues, Expenses, and Changes in Net Assets; and the Statements of Cash Flows.

The Statements of Net Assets (page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the hospital is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Assets (page 10) presents information showing how the hospital’s assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statements (page 12) presents information showing how the hospital’s cash changed as a result of current year operations. The cash flow statement is prepared using the direct method. It includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (the “indirect method”) as required by GASB 34.

FINANCIAL ANALYSIS OF THE HOSPITAL AS A WHOLE

STATEMENT OF NET ASSETS

	Total		
	2004	2003	% Change
Current and Other Assets	3,831,561	3,296,554	16.2
Capital Assets	<u>1,231,077</u>	<u>1,262,656</u>	(2.5)
Total Assets	<u>5,062,638</u>	<u>4,559,210</u>	
Other Liabilities	1,549,228	1,232,827	25.7
Long-Term Obligations	<u>48,826</u>	<u>39,423</u>	23.9
Total Liabilities	<u>1,598,054</u>	<u>1,272,250</u>	
Net Assets:			
Invested in Capital Assets	1,231,117	1,238,353	(0.6)
Unrestricted	<u>2,233,467</u>	<u>2,048,607</u>	9.0
Total Net Assets	<u><u>3,464,584</u></u>	<u><u>3,286,960</u></u>	

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
MANAGEMENT DISCUSSION & ANALYSIS**

Unrestricted net assets are those that do not have any specified limitation on what these amounts may be used for therefore the net assets are available for future operations. Net Assets increased by \$177,624, or 5.4%, from June 30, 2003 to June 30, 2004. The board planned for reduction in operations through the budget process.

	Total	
	2004	2003
Operating Revenues	9,804,670	9,643,338
Operating Expenses	(10,640,015)	(10,745,623)
Operating Loss	(835,345)	(1,102,285)
Nonoperating Revenues and Expenses	1,012,969	971,600
 Increase (Decrease) in Net Assets	 <u>177,624</u>	 <u>(130,685)</u>

Operating revenues increased by \$161,332 while operating expenses decreased by \$105,608. Nonoperating revenues increased by \$41,369. Operating expenses decreased significantly in payroll taxes and benefits (\$ 265,991), salaries (\$15,417), and travel (\$19,716). Operating expenses increased significantly in insurance (\$95,051), professional fees (\$80,689), and supplies (\$19,360).

CAPITAL ASSETS AND DEBTS

Capital Assets

At the end of the fiscal year, there was a book balance of \$5,483,785 (that is, a balance of \$1,231,077 net of accumulated depreciation) invested in capital assets that consist of land, buildings, vehicles, and equipment, furniture, and fixtures. There were \$249,862 in additions and \$288,470 in disposals of vehicles and equipment, furniture, and fixtures.

Debts

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

CONTACTING THE DISTRICT'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 364 G. B. Cooley Road, West Monroe, Louisiana 71291-8800.

BASIC FINANCIAL STATEMENTS

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	June 30,	
	2004	2003
ASSETS		
Current Assets		
Cash and Cash Equivalents (Notes 2 and 3)	\$ 2,335,856	\$ 1,410,992
Investments (Note 3)	591,974	750,991
Receivables, Net of Allowance for Doubtful Accounts of \$154,057 and \$170,910 (Note 4)	727,074	988,837
Inventory	3,338	4,281
Prepaid Items	45,938	21,325
Total Current Assets	3,704,180	3,176,426
Restricted Assets		
Restricted Cash and Equivalents (Note 7)	127,381	120,128
Property and Equipment, Net (Note 5)	1,231,077	1,262,656
TOTAL ASSETS	\$ 5,062,638	\$ 4,559,210

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

	<u>June 30,</u>	
	<u>2004</u>	<u>2003</u>
LIABILITIES AND NET ASSETS		
Current Liabilities (payable from current assets)		
Bank Overdraft	\$ -	\$ 34,722
Accounts Payable	319,385	173,035
Accrued Payroll	209,129	176,704
Withholding and Payroll Taxes Payable	94,910	6,349
Other Payroll Deductions and Retirement Benefits Payable	1,201	614
Health Insurance	241,936	94,765
Accrued Combined Time Off, Vacation and Sick Pay, Current Portion (Note 8)	550,604	609,444
Obligations Under Capital Lease, Current Portion (Note 10)	4,682	17,066
Total Current Liabilities	<u>1,421,847</u>	<u>1,112,699</u>
Payable from Restricted Assets		
Individuals' Funds Liability (Note 7)	127,381	120,128
Total Noncurrent Liabilities	<u>127,381</u>	<u>120,128</u>
Long - Term Liabilities		
Accrued Vacation and Sick Pay, Net of Current Portion (Note 8)	46,272	32,186
Obligations Under Capital Lease, Net of Current Portion (Note 10)	2,554	7,237
Total Long-Term Liabilities	<u>48,826</u>	<u>39,423</u>
Total Liabilities	<u>1,598,054</u>	<u>1,272,250</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,231,117	1,238,353
Unrestricted Net Assets	2,233,467	2,048,607
Total Net Assets	<u>3,464,584</u>	<u>3,286,960</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,062,638</u>	<u>\$ 4,559,210</u>

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	June 30,	
	2004	2003
Operating Revenues		
Charges for Services:		
Intergovernmental Revenues		
State of Louisiana		
Title XIX Residential Program	\$ 7,935,442	\$ 7,413,937
Title XIX Waiver Program	1,684,756	1,520,735
Supervised Apartments Program	26,999	26,931
Adult Rehabilitation Program	53,078	54,294
One On One Staff Program	30,536	30,658
Federal		
Preschool Enrichment Program	-	79,953
Total Intergovernmental Revenues	9,730,811	9,126,508
Private Revenues		
Residential Program	-	430,811
PreSchool Program	-	12,752
Total Private Revenues	-	443,563
Other Services Revenues		
Employment Services	73,859	73,267
Total Operating Revenues	9,804,670	9,643,338
Operating Expenses		
Salaries	6,673,656	6,689,073
Payroll Taxes and Benefits	1,003,368	1,269,359
Supplies	268,589	249,229
Travel and Mileage	155,153	174,869
Food	223,577	214,933
Facility	748,127	757,237
Insurance	353,735	258,684
Leisure	7,215	4,792
Professional Fees	935,039	854,350
Bad Debts	-	-
Depreciation	269,275	269,976
Interest Expense	2,281	3,121
Total Operating Expenses	10,640,015	10,745,623
Operating Loss	(835,345)	(1,102,285)

(Continued)

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - (CONCLUDED)
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	June 30,	
	2004	2003
Nonoperating Revenues and Expenses		
Ad Valorem Tax Revenues	952,724	916,574
Interest Income	26,840	34,522
Cottage Life, Excess (Deficiency) of Contributions		
Received Over Expenses	(1,860)	390
Miscellaneous Income	14,040	18,509
Gain on Disposal of Property and Equipment	21,225	1,605
Excess of Nonoperating Revenues Over Nonoperating Expenses	<u>1,012,969</u>	<u>971,600</u>
Changes in Net Assets	177,624	(130,685)
Total Net Assets at Beginning of Year	<u>3,286,960</u>	<u>3,417,645</u>
Total Net Assets at End of Year	<u>\$ 3,464,584</u>	<u>\$ 3,286,960</u>

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	June 30,	
	2004	2003
Cash Flow from Operating Activities		
Cash Received from Intergovernmental Agencies	\$ 9,744,236	\$ 9,060,589
Cash Received from Patients and Others	329,895	521,328
Payments to Employees for Services and Benefits	(7,487,756)	(8,188,658)
Payments to Suppliers	(2,568,755)	(2,611,919)
Interest Expense	(2,281)	(3,121)
Net Cash Flow Provided (Used) by Operating Activities	15,339	(1,221,781)
Cash Flow From Noncapital Financing Activities		
Tax Revenues	945,026	916,985
Contribution - Cottage Life, net of Expenses	(1,860)	389
Miscellaneous Income	14,040	18,509
Net Cash Flow Provided by Noncapital Financing Activities	957,206	935,883
Cash Flow From Capital and Related Financing Activities		
Proceeds from Sale of Assets	21,225	1,605
Purchases of Property ,Plant and Equipment	(237,696)	(125,622)
Payment on Capital Leases	(17,067)	(16,024)
Net Cash Flow Used by Capital and Financing Activities	(233,538)	(140,041)
Cash Flow from Investing Activities		
Maturities of Investments, net	159,017	136,865
Interest Income	26,840	34,324
Net Cash Flow Provided by Investing Activities	185,857	171,189
Increase (Decrease) in Cash and Cash Equivalents	924,864	(254,750)
Cash and Cash Equivalents at Beginning of Year	1,410,992	1,665,742
Cash and Cash Equivalents at End of Year	\$ 2,335,856	\$ 1,410,992

(Continued)

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENTS OF CASH FLOWS (CONCLUDED)
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	June 30,	
	2004	2003
Reconciliation of Loss From Operations to Net Cash Used by Operating Activities:		
Operating Loss	\$ (835,345)	\$ (1,102,285)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	269,275	269,976
Change in Current Assets and Liabilities:		
Accounts Receivable	269,461	(61,420)
Inventory	943	(2,234)
Prepaid Items	(24,613)	(8,072)
Bank Overdraft	(34,722)	-
Accounts Payable	146,350	(87,520)
Accrued Payroll Payable	32,425	(39,516)
Payroll Taxes and Other Payroll Deductions	89,148	(3,249)
Accrued Vacation and Sick Leave Payable	(44,754)	(196,154)
Health Insurance	147,171	8,693
Net Cash Provided (Used) by Operating Activities	\$ 15,339	\$ (1,221,781)

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004 AND 2003**

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 \$40 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 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. Enterprise Fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

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

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004 AND 2003**

basic financial statements present only the transactions of G. B. Cooley Hospital for Retarded Citizens of the Parish of Ouachita, Louisiana.

C. Cash Equivalents

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

D. Receivables - Bad Debts

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

E. 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.

F. Property and Equipment

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

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

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

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

Maintenance and repairs are generally 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.

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004 AND 2003**

G. Net Assets

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net assets are classified in the following three components:

Invested in capital assets, net of related debt – consist of all capital assets, net of accumulated depreciation and reduced by any debt that is attributable to the acquisition, construction or improvement of those assets.

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

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

H. Reclassifications of Prior Year Amounts

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

I. Use of Estimates

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

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004 AND 2003**

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following:

	June 30,	
	2004	2003
Current Assets:		
Cash on Hand	\$ 5,748	\$ 1,901
Cash in Bank Checking and Savings Deposits	1,882,541	1,128,078
Cash in Health Insurance Account	447,567	281,013
Cash and Cash Equivalents	\$ 2,335,856	\$ 1,410,992

Note 3 - Cash and Cash Equivalents and Investments

At June 30, 2004, 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	\$ 1,638,699	\$ 1,918,589
Bank Time Deposits	818,790	818,790
Investments	591,974	591,974
Total	\$ 3,049,463	\$ 3,329,353

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 \$1,918,589 deposits (collected bank balances) as of June 30, 2004, of which \$200,000 was secured from risk by federal deposit insurance (GASB 3-Category 1). The balance of \$1,718,589 of the deposits are secured with pledged securities totaling \$2,541,051 held by the custodial banks in the name of the Hospital on behalf of the fiscal agent banks (GASB 3 - Category 2).

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004 AND 2003**

Note 4 - Receivables

Receivables consisted of the following:

	June 30,	
	2004	2003
State of Louisiana:		
Title XIX - Residential	\$ 652,519	\$ 788,990
Contractual Services	200,516	320,080
Individuals' Patient Liability	9,271	43,025
Ad Valorem Taxes Receivable	11,849	4,151
Other Receivables	6,976	3,501
Total Receivables	881,131	1,159,747
Less: Allowance for Doubtful Accounts	(154,057)	(170,910)
Receivables, Net of Allowance for Doubtful Accounts	\$ 727,074	\$ 988,837

Of the 2004 and 2003 receivable balances, ninety-six percent 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.

Note 5 - Property and Equipment

Property and Equipment consisted of the following:

	June 30,	
	2004	2003
Buildings	\$ 406,112	\$ 406,112
Furniture, Fixtures and Equipment	1,336,128	1,525,836
Leased Equipment	53,368	53,368
Vehicles	1,176,382	1,036,140
Leasehold Improvements	2,253,807	2,248,438
Total Property and Equipment	5,225,797	5,269,894
Accumulated Depreciation	(4,252,708)	(4,265,226)
Net Depreciable Assets	973,089	1,004,668
Land	257,988	257,988
TOTAL PROPERTY AND EQUIPMENT	\$ 1,231,077	\$ 1,262,656

Depreciation expense was \$269,275 and \$269,976 for the years ended June 30, 2004 and 2003, respectively.

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004 AND 2003**

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 \$100,000 per occurrence, except for \$500 that 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 \$100,000 deductible with an aggregate coverage of \$2,000,000. The fund had approximately \$1,010,000 in assets at December 31, 2003. The Hospital contributed approximately \$354,000 into the fund during the year ended June 30, 2004.

Note 7 - Restricted Cash – Cash in Bank, Individuals' Funds Account and Individuals' Fund Liability

G. B. Cooley Hospital is required under Title XIX to maintain cash that is the property of the individuals for their personal use. The amount of the individuals' cash is reflected in restricted assets as cash in bank, individuals' funds account and in the individuals' funds liability account.

Note 8 - Compensated Absences

Effective February 1, 2003, employees of the Hospital earned vacation pay in varying amounts ranging from 10 to 25 working days per year depending upon length of service. Vacation hours must be have been used within 24 months of the date they were earned or they were forfeited, unless approved by the appropriate director and/or the administrator. Subject to the above limitations, unused vacation was 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 accrued sick leave according to a written formula. Sick leave could have been carried forward from year to year with no limit on the number of hours that could have been accrued. Upon retirement, an eligible employee is paid vacation and sick leave, up to six months of accumulated compensatory time at the employee's hourly rate of pay at the time of retirement. Employees can retire based on the following:

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004 AND 2003**

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

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

	<u>June 30,</u>	
	<u>2004</u>	<u>2003</u>
Accrued Vacation	\$ 68,217	\$ 551,070
Accrued Sick Pay	<u>528,659</u>	<u>90,560</u>
Totals	596,876	641,630
Less: Current Portion	<u>(550,604)</u>	<u>(609,444)</u>
LONG-TERM PORTION	<u>\$ 46,272</u>	<u>\$ 32,186</u>

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 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 did not contribute to the Plan for the years ended June 30, 2004 or 2003.

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004 AND 2003**

Note 10 - Obligations Under Capital Leases

The Hospital leases various pieces of equipment under capital leases. The leases bear interest at 12.6% and 4.7%. Monthly payments are \$212 and \$1,313, respectively. Future maturities of capital lease obligations are as follows:

June 30, 2005	\$	5,167
June 30, 2006		2,542
June 30, 2007		212
Total		7,921
Less: Amounts representing interest		(685)
Present value of future minimum lease payments	\$	7,236

Note 11 - 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 2003 property tax calendar was as follows:

Assessment	January 1, 2003
Levy Date	November 15, 2003
Total Taxes Are Due	December 31, 2003
Lien Date	January 1, 2004

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004 AND 2003**

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 12 - Commitments

A. Contract and Agreement

On April 1, 2002, the Hospital entered into an agreement with the Ouachita Parish Police Jury to jointly construct, renovate and provide for the operation and maintenance of the facility 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 agreement is for a term of 25 years beginning January 1, 2002 and ending December 31, 2026

B. Leases - Community Homes

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

Other community homes are leased from individuals for varying amounts ranging from \$750 to \$1,200 monthly, expiring at various dates through fiscal year 2009.

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

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004 AND 2003**

For Year Ended	Annual Lease Expense
2005	\$ 104,300
2006	69,650
2007	35,875
2008	14,700
2009	1,700

Building rent expense for the year ended June 30, 2004 was \$173,526 and includes \$63,826 in lease payments to the Monroe Housing Authority.

Rent expense for the year ended June 30, 2003 was \$182,270 and includes \$63,397 in lease payments to the Monroe Housing Authority.

Note 13 - Commissioners' Fees

Members of the Board of Commissioners are paid a \$40 per month travel allowance for each board meeting attended.

Note 14 - Contingencies

The Hospital has one Letter of Credit for \$50,000 for the benefit of the State of Louisiana Department of Health and Hospitals. The Letter of Credit is for an initial term of April 10, 2002 through February 28, 2005.

Affidavits were filed on November 9, 2004 by the Louisiana Department of Justice, Criminal Division, Medicaid Fraud Control Unit (MFCU) which state that a criminal investigation into an allegation of ongoing intentional abuse and/or criminal neglect was being conducted and, among other things, allege that certain employees (PCAs) of the Hospital:

1. Were not calling from their assigned client's residence but from various unauthorized locations,
2. Falsified their services logs and/or the services rendered as detailed in each client's Progress Notes,
3. Caused fraudulent claims to be billed to the Medicaid Program, and
4. MFCU believes that additional fraudulent billings and records will be identified when more records are available.

**G.B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004 AND 2003**

Due to the ongoing nature of this investigation, management is unable to evaluate any pending or threatened litigation that may result from it and no provision has been made to the financial statements for possible federal and/or state claims for refunds.

SUPPLEMENTARY INFORMATION

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF PER DIEM PAID BOARD MEMBERS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	June 30,	
	2004	2003
Virginia Burton – Appointed 1/6/03	\$ 760	\$ 240
Rita Goodin	520	500
Jim Hutchinson	560	540
Ellen Johnson – Resigned 12/5/02	-	180
Becky Lazenby	760	475
Josie C. Roberts	600	475
Jackie Slack	520	500
Kenneth Wilson	400	460
 TOTAL	\$ 4,120	\$ 3,370

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Grantor/Program Title</u>	<u>Grant Assistance ID Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
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	CFMS # 595366 GFS ORG #8803 ISIS GOJT #3655 GFS RPTG #8103	\$ 24,990	\$ 24,990
Social Services Vocational and Habilitative Services			
Adult Rehabilitation Program	CFMS #595219 GFS ORG #8807 ISIS OBJT #3655 GFS FRTG #8108	53,078	53,078
TOTAL STATE AWARDS		<u>\$ 78,068</u>	<u>\$ 78,068</u>

See Notes to Schedule of Expenditures of State Awards.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE AWARDS
JUNE 30, 2004**

A. General

The preceding Schedule of Expenditures of State Awards presents the activity of all 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 passed through other government agencies is included on the Schedule of Expenditures of State Awards. However, the preceding schedules do not include any Title XIX or Waiver funds.

B. Basis of Accounting

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

C. Relationship of the Schedule of Expenditures of State Awards to the Financial Statements

State Awards Revenues are included in intergovernmental revenue on the Statement of Revenues, Expenses, and Changes in Net Assets and consists of the following:

	Title XIX	Federal	State	Total Inter- governmental
Residential Program	\$ 7,935,442	\$ -	\$ -	\$ 7,935,442
Waiver Program	1,684,756	-	-	1,684,756
Supervised Apartments Program	-	-	26,999	26,999
Adult Rehabilitation Program	-	-	53,078	53,078
One on One Staff Program	-	-	30,536	30,536
 TOTAL	 <u>\$ 9,620,198</u>	 <u>\$ -</u>	 <u>\$ 110,613</u>	 <u>\$ 9,730,811</u>

The intergovernmental revenue of \$30,536 from the One on One Staff Program, reported on the Statement of Revenues, Expenses, and Changes in Net Assets, is not included on the Schedule of Expenditures State Awards because the revenue is a reimbursement for services and is not considered a State Award.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SUMMARY STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2004**

In connection with our audit of the G. B. Cooley Hospital for Retarded Citizens as of and for the year ended June 30, 2004, in accordance with *Government Auditing Standards* we have also reviewed the status of prior year findings included in our report on compliance and internal control over financial reporting and the management letter dated December 27, 2003. The following presents the status of those findings.

03-01 Insufficient Computer Controls

Finding:

Access to the computer room is not restricted during working hours and the Hospital did not have a current backup of the payroll system.

Status:

Access controls have been placed on the computer room and back-ups are done and removed from the site daily.

03-02 Accounts Receivable Controls

Finding:

Accounts receivable control accounts and subsidiary ledgers of accounts receivable were not reconciled on a monthly basis.

Status:

Aged subsidiary ledgers are being prepared for each receivable account and reconciled to the general ledger monthly.

03-03 Maintenance of Payroll Records

Finding:

Time card punch lists were not reconciled to the time to determine proper labor allocation, time cards did not agree with a supervisor's payroll report, and maintenance of payroll accounting records was not adequate.

Status:

The management corrective action plan has been implemented and this finding has been satisfied.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SUMMARY STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2004**

03-04 Quarterly Payroll Tax Returns

Finding:

There could be misstatements in the amounts reported to the Internal Revenue Service for the second quarter payroll tax returns.

Status:

Corrected payroll tax returns have been prepared and submitted to the Internal Revenue Service.

03-05 Cash Disbursements

Finding:

The purchasing policies adopted by the Board were not followed for all purchases.

Status:

The purchasing agent complies with the appropriate policies adopted by the Board of Commissioners.

Management Letter Comments

1. Fixed Assets

Finding:

General ledger accounts were not reconciled to the fixed asset subsidiary ledger monthly.

Status:

The purchasing agent regularly reconciles the fixed asset subsidiary ledger to the general ledger accounts.

2. Overdraft in Payroll Bank Account

Finding:

The payroll bank account had an overdraft of approximately \$35,000.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SUMMARY STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2004**

Status:

The proper amount of funds have been transferred to the payroll account each pay period to prevent any overdrafts in the payroll bank account.



Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atteberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

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 were engaged to audit the basic financial statements of the business-type activities of **G. B. Cooley Hospital for Retarded Citizens** (a component unit of the Ouachita Parish Police Jury - the Hospital) as of and for the year ended June 30, 2004, and have issued our report thereon dated December 30, 2004. We did not express an opinion on those financial statements because we were unable to obtain sufficient, competent, evidential matter from the Hospital's books, financial records, documents, etc. as of and for the year ended June 30, 2004. A significant portion of the records has been confiscated by the Louisiana Medicaid Fraud Control Unit in conjunction with its criminal investigation into allegations of ongoing intentional abuse and/or criminal neglect that occurred during that year. Therefore, we were unable to satisfy ourselves that the Hospital's basic financial statements, as of and for the year ended June 30, 2004, are free of material misstatement by means of other auditing procedures.

Compliance

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we were engaged to perform 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. Because of the substantial lack of records discussed in the above paragraph, we were unable to perform the compliance tests for which we were engaged.

Internal Control Over Financial Reporting

Due to the lack of substantial records as referenced in the first paragraph, we were not able to consider the Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements.

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

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 judgment, 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. 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. Because of the substantial lack of records mentioned above, we were unable to identify reportable conditions, if any existed, and therefore, could not determine if any material weaknesses existed.

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

December 30, 2004