

G. B. COOLEY HOSPITAL SERVICE DISTRICT

**Financial Report
For the Years Ended June 30, 2009 and 2008**

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 1/29/10

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
OUACHITA PARISH
MONROE, LOUISIANA**

**Basic Financial Statements
As of and for the Years Ended June 30, 2009 and 2008
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-----	25
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> -----	26
Schedule of Findings and Responses-----	28
Summary Status of Prior Year Findings -----	30

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities of G. B. Cooley Hospital Service District (a component unit of the Ouachita Parish Policy Jury - the Hospital) as of June 30, 2009 and 2008 and for the years then ended which collectively comprise the Hospital's basic financial statements as listed in the 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.

We conducted our audit 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Hospital as of June 30, 2009 and 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 4 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2009 on our consideration of the Hospital's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise G. B. Cooley Hospital Service District's basic financial statements. The Supplemental Information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Truffey, Huffman, Royal, & Signice

(A Professional Accounting Corporation)

December 31, 2009

REQUIRED SUPPLEMENTAL INFORMATION

G.B. COOLEY HOSPITAL SERVICE DISTRICT MANAGEMENT DISCUSSION & ANALYSIS

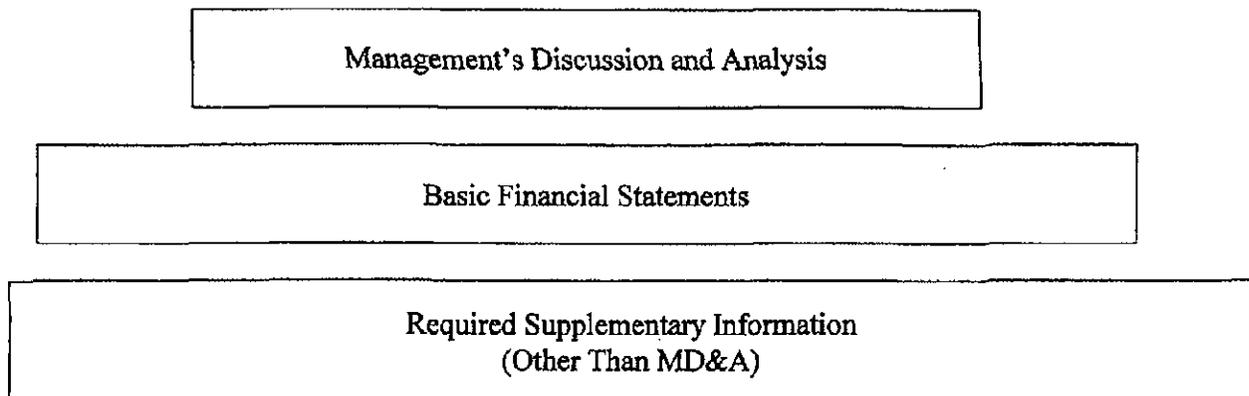
Our discussion and analysis of G. B. Cooley Hospital Service District's (the Hospital) financial performance provides an overview of the Hospital's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the Hospital's basic financial statements, which begin on 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 \$3,708,414 at the close of fiscal year 2009, which represents a \$577,522 (or an 18.4%) increase from last year.
- The Hospital's operating revenue is generated primarily by state grants and is based on each client's Inventory for Client and Agency Planning (ICAP) daily rate. Operating revenue is generally subject to the number of residents housed and the level of care required and can fluctuate but is generally consistent from year to year. The Hospital's operating revenues decreased by \$71,996 (or 0.75%).
- The Hospital's nonoperating revenues consist primarily of ad valorem tax (82.2%), interest income (0.9%), and other income (16.9%). 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 has declined slightly from the prior year. The Hospital was also the beneficiary of a one-time payment of life insurance proceeds donated by a former member of the local community.
- The Hospital's expenses increased by \$172,333 (or 1.69%) from \$10,170,847 last fiscal year to \$10,343,180 this fiscal year as a result of increases in salaries, wages, and related benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



**G. B. COOLEY HOSPITAL SERVICE DISTRICT
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 Statements 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 total net 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

STATEMENTS OF NET ASSETS

	Total		% Change
	2009	2008	
Current and Other Assets	\$ 2,846,240	\$ 2,731,641	4.20%
Capital Assets	3,120,889	1,463,823	113.20%
Total Assets	5,967,129	4,195,464	
Current and Other Liabilities	948,720	901,562	5.23%
Long-Term Obligations	1,309,995	163,010	703.63%
Total Liabilities	2,258,715	1,064,572	
Net Assets:			
Invested in Capital Assets	1,630,535	1,203,873	35.44%
Unrestricted	2,077,879	1,927,019	7.83%
Total Net Assets	\$ 3,708,414	\$ 3,130,892	

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
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 \$577,522 from June 30, 2008 to June 30, 2009.

	Total	
	2009	2008
Operating Revenues	\$ 9,478,574	\$ 9,550,570
Operating Expenses	(10,343,180)	(10,170,847)
Operating Loss	(864,606)	(620,277)
Nonoperating Revenues and Expenses	1,442,128	1,236,445
Increase (Decrease) in Net Assets	\$ 577,522	\$ 616,168

Operating revenues decreased by \$71,996 while operating expenses increased by \$172,333. Net nonoperating revenue increased by \$205,683. Operating expenses increased in the areas of salaries and related benefits (\$386,752) and decreased in all other areas.

CAPITAL ASSETS AND DEBTS

Capital Assets

At the end of the fiscal year, there was a book balance of \$3,120,889 (that is a balance of \$8,261,517 net of accumulated depreciation of \$5,140,628) invested in capital assets that consisted of land, buildings, vehicles, equipment, and furniture and fixtures. There was \$1,973,289 in additions to vehicles, furniture and fixtures, equipment, building and land.

Debts

The Hospital has outstanding obligations relating to compensated absences (accrued vacation, sick, and compensatory leave), certificates of indebtedness related to the acquisition and renovation of community homes and the purchase of new office facilities, and capital leases of vehicles and equipment. All are described in the notes to the financial statements.

CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Hospital's executive officer at 211 N. 3rd Street, Monroe, Louisiana 71201.

BASIC FINANCIAL STATEMENTS

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	June 30,	
	2009	2008
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 1,112,818	\$ 1,611,359
Investments	64,283	62,481
Receivables, Net of Allowance for Doubtful Accounts of \$11,869 and \$6,887 (Note 3)	1,475,295	828,568
Prepaid and Other Items	86,432	109,395
Total Current Assets	2,738,828	2,611,803
Restricted Assets		
Restricted Cash and Equivalents (Note 6)	107,412	119,838
Property and Equipment, Net (Note 4)	3,120,889	1,463,823
TOTAL ASSETS	\$ 5,967,129	\$ 4,195,464

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

	<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>
LIABILITIES AND NET ASSETS		
Current Liabilities (payable from current assets)		
Accounts Payable	\$ 192,587	\$ 101,647
Accrued Payroll	161,724	162,360
Withholding and Payroll Taxes Payable	49,869	54,875
Other Liabilities	10,988	52,273
Accrued Vacation and Sick Pay, Current Portion (Note 7)	216,287	275,993
Current Portion of Long-Term Debt (Note 8)	239,302	134,576
Total Current Liabilities	<u>870,757</u>	<u>781,724</u>
Liabilities Payable from Restricted Assets		
Individuals' Funds Liability (Note 6)	<u>107,412</u>	<u>119,838</u>
Total Noncurrent Liabilities	<u>107,412</u>	<u>119,838</u>
Long - Term Liabilities		
Accrued Vacation and Sick Pay, Net of Current Portion (Note 7)	29,494	37,636
Long-term Obligations, Net of Current Portion (Note 9)	<u>1,251,052</u>	<u>125,374</u>
Total Long-Term Liabilities	<u>1,280,546</u>	<u>163,010</u>
TOTAL LIABILITIES	<u>2,258,715</u>	<u>1,064,572</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,630,535	1,203,873
Unrestricted Net Assets	<u>2,077,879</u>	<u>1,927,019</u>
TOTAL NET ASSETS	<u>\$ 3,708,414</u>	<u>\$ 3,130,892</u>

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	June 30,	
	2009	2008
Operating Revenues		
Charges for Services:		
Intergovernmental Revenues		
State of Louisiana		
Title XIX Residential Program	\$ 7,291,289	\$ 8,481,103
Title XIX Waiver Program	1,489,269	279,761
One On One Staff Program	44,324	129,372
Total Intergovernmental Revenues	8,824,882	8,890,236
Private Revenues		
Residential Program	530,318	540,541
Other Services Revenues		
Employment Services	123,374	119,793
Total Operating Revenues	9,478,574	9,550,570
Operating Expenses		
Salaries	5,679,610	5,558,375
Payroll Taxes and Benefits	1,347,041	1,081,524
Supplies	355,309	364,884
Travel and Mileage	180,698	194,184
Food	262,695	285,836
Facility	729,491	743,856
Insurance	463,313	480,420
Professional Fees	1,023,179	1,109,412
Depreciation	272,405	311,311
Interest Expense	29,439	41,045
Total Operating Expenses	10,343,180	10,170,847
Operating Loss	(864,606)	(620,277)

(Continued)

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

G. B. COOLEY HOSPITAL SERVICE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - (CONCLUDED)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	June 30,	
	2009	2008
Nonoperating Revenues and Expenses		
Ad Valorem Tax Revenues	1,185,729	1,138,688
Interest Income	12,707	39,080
Cottage Life, Excess of Contributions		
Received Over Expenses Incurred	632	1,406
Insurance Proceeds	67,192	-
Donation of Life Insurance Policy	83,939	-
Miscellaneous Income	70,921	17,905
Gain on Disposal of Property and Equipment	21,008	39,366
Excess of Nonoperating Revenues		
Over Nonoperating Expenses	1,442,128	1,236,445
Changes in Net Assets	577,522	616,168
Net Assets at Beginning of Year	3,130,892	2,514,724
Total Net Assets at End of Year	\$ 3,708,414	\$ 3,130,892

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	June 30,	
	2009	2008
Cash Flow from Operating Activities		
Cash Received from Intergovernmental Agencies	\$ 8,153,744	\$ 9,089,872
Cash Received from Patients and Others	675,383	703,478
Payments to Employees for Services and Benefits	(7,100,142)	(6,621,100)
Payments to Suppliers	(2,942,067)	(3,393,053)
Net Cash Flow Used by Operating Activities	(1,213,082)	(220,803)
Cash Flow From Noncapital Financing Activities		
Tax Revenues	1,188,449	1,138,005
Contribution - Cottage Life, net of Expenses	632	1,406
Miscellaneous Income	222,052	17,906
Net Cash Flow Provided by Noncapital Financing Activities	1,411,133	1,157,317
Cash Flow From Capital and Related Financing Activities		
Proceeds from Sale of Assets	64,827	110,422
Purchases of Property, Plant, and Equipment	(1,767,431)	(290,141)
Interest Expense	(29,439)	(41,045)
Proceeds from Issuance of Debt	1,230,000	37,500
Payments on Debt	(205,454)	(114,642)
Net Cash Flow Used by Capital and Financing Activities	(707,497)	(297,906)
Cash Flow from Investing Activities		
Sale (Purchase) of Investments	(1,802)	454,878
Interest Income	12,707	41,830
Net Cash Flow Provided by Investing Activities	10,905	496,708
Increase (Decrease) in Cash and Cash Equivalents	(498,541)	1,135,316
Cash and Cash Equivalents at Beginning of Year	1,611,359	476,043
Cash and Cash Equivalents at End of Year	\$ 1,112,818	\$ 1,611,359
Noncash Capital and Related Financing Activities		
Additions to Fixed Assets Through Capital Lease	\$ 205,858	\$ 126,602
Retirement of Debt Through Insurance Proceeds	-	13,198
Total Noncash Capital and Related Financing Activities	\$ 205,858	\$ 139,800

(Continued)

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

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
STATEMENTS OF CASH FLOWS (CONCLUDED)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	June 30,	
	2009	2008
Reconciliation of Loss From Operations		
to Net Cash Provided (Used) by Operating Activities:		
Operating Loss	\$ (864,606)	\$ (620,277)
Adjustments to Reconcile Operating Loss to		
Net Cash Used by Operating Activities:		
Depreciation	272,405	311,311
Interest Expense	29,439	41,045
Change in Current Assets and Liabilities:		
Accounts Receivable	(649,448)	242,781
Prepaid Items	22,963	(16,689)
Accounts Payable	90,940	(196,193)
Accrued Payroll and Related Liabilities	(5,642)	132,986
Accrued Vacation and Sick Leave Payable	(67,848)	(114,187)
Other Liabilities	(41,285)	(1,580)
Total Adjustments	(348,476)	399,474
Net Cash Used by Operating Activities	\$ (1,213,082)	\$ (220,803)

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

History

G. B. Cooley Hospital Service District (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 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.

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 financial statements present only the transactions of G. B. Cooley Hospital Service District of the Parish of Ouachita, Louisiana.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

C. Cash Equivalents

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

D. Receivables - Bad Debts

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

E. Property and Equipment

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

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

The Hospital computes depreciation using the straight-line method over the estimated useful lives of the related assets. The Hospital leases vehicles with a carrying amount of \$342,758 which are depreciated using policies consistent with that of similar owned 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 while significant betterments are capitalized. The cost and related accumulated depreciation of assets retired, or otherwise disposed of, are eliminated from the accounts with the resulting gain or loss included in income.

F. Net 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:

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

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

Restricted – consists of external constraints placed on net asset use by creditors, grantors, contribution, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. As of June 30, 2009 and 2008, the Hospital had no restricted net assets.

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

G. Reclassifications of Prior Year Amounts

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

H. Use of Estimates

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

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

Note 2 – Cash, Cash Equivalents, and Investments

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

	June 30,	
	2009	2008
Current Assets:		
Cash on Hand	\$ 3,620	\$ 5,620
Cash in Bank Checking and Savings Deposits	1,109,198	1,605,739
Restricted Cash	<u>107,412</u>	<u>119,838</u>
 Cash and Cash Equivalents	 <u>\$ 1,220,230</u>	 <u>\$ 1,731,197</u>
 Investments	 <u>\$ 64,283</u>	 <u>\$ 62,481</u>

Custodial credit risk-deposits - At year-end, as reported on the Statements of Net Assets, the book balances of the Hospital's deposits were \$1,220,230 and \$1,731,197, respectively. The Hospital's bank balances totaled \$1,270,861 at June 30, 2009. State law dictates that all funds maintained in financial institutions be supported by federal depository insurance or collateral held by the trust departments of agents of the pledging financial institutions in the Hospital's name. Of the previously mentioned bank balances, \$711,291 was covered by Federal depository insurance and the remaining \$559,570 was covered by pledged collateral as of June 30, 2009.

As dictated by state law, the Hospital may invest in long-term certificates of deposit or bonds, debentures, or other investments guaranteed by the United States government. The Hospital has no policy concerning the maximum amount or length of time that assets may be invested. Investments held by the Hospital at June 30, 2009 consisted entirely of certificates of deposit with maturities greater than 90 days. The Hospital had investments of \$64,283 stated at cost, which approximates market. This entire amount was covered by Federal depository insurance at June 30, 2009.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

Note 3 – Receivables

Receivables consisted of the following:

	June 30,	
	2009	2008
State of Louisiana:		
Title XIX - Residential	\$ 669,120	\$ 653,698
Contractual Services	793,665	146,870
Individuals' Patient Liability	4,946	24,051
Ad Valorem Taxes Receivable	8,116	10,836
Other Receivables	11,317	-
Total Receivables	1,487,164	835,455
Less: Allowance for Doubtful Accounts	(11,869)	(6,887)
Receivables, Net of Allowance for Doubtful Accounts	\$ 1,475,295	\$ 828,568

Of the 2009 and 2008 receivable balances, over ninety percent was due from governmental agencies.

Note 4 – Property and Equipment

Property and Equipment consisted of the following:

	June 30, 2008	Additions	Disposals	June 30, 2009
Buildings	\$ 467,799	\$ 1,394,307	\$ (65,600)	\$ 1,796,506
Furniture, Fixtures, and Equipment	1,335,674	85,643	-	1,421,317
Leased Equipment and Vehicles	407,641	205,433	-	613,074
Vehicles	1,396,823	-	(70,067)	1,326,756
Leasehold Improvements	2,720,690	43,828	(2,719)	2,761,799
Total Property and Equipment	6,328,627	1,729,211	(138,386)	7,919,452
Less: Accumulated Depreciation	4,997,792	272,405	(129,568)	5,140,629
Net Depreciable Assets	1,330,835	1,456,806	(8,818)	2,778,823
Land	132,988	244,078	(35,000)	342,066
Total Property and Equipment	\$ 1,463,823	\$ 1,700,884	\$ (43,818)	\$ 3,120,889

Depreciation expense was \$272,405 and \$311,311 for the years ended June 30, 2009 and 2008, respectively.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

Note 5 – Risk Financing Activities

During the year ended June 30, 2008, the Hospital contracted with a group insurance provider to provide health insurance to substantially all employees and their families. The Hospital contributes 85% of premiums to the plan. Participants are covered up to a \$5,000,000 lifetime maximum. The Hospital contributed \$631,000 to this plan for the year ended June 30, 2009.

Note 6 – 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 restricted cash and equivalents and in the individuals' funds liability account.

Note 7 – Compensated Absences

Employees of the Hospital earn vacation pay in varying amounts ranging from 80 to 160 working hours per year depending upon length of service. Vacation time in excess of 40 hours must be used by December 31st of the year in which it was earned or it will be forfeited. Employees with a minimum of 24 hours of accrued vacation time are allowed to cash in up to 75% of their accrued vacation at any time during the year. Employees who are denied vacation because of their required presence at work are allowed to carry forward excess vacation upon recommendation of their supervisor and approval by the Director of Human Resources. Subject to the above limitations, unused vacation is paid to an employee upon retirement, separation, or death at hourly rates being earned by that employee upon separation. Both full-time and part-time employees accrue sick leave according to a written formula. Sick leave may be carried forward from year to year with no limit on the number of hours that can be accrued. Upon retirement, an eligible employee is paid vacation and up to 93 hours of sick leave at the employee's hourly rate of pay at the time of retirement. Any excess sick leave at the retirement date is forfeited. Employees are eligible for retirement based on the following:

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

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

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

	June 30,	
	2009	2008
Accrued Vacation	\$ 245,781	\$ 304,501
Accrued Sick Pay	-	9,128
Totals	245,781	313,629
Less: Current Portion	(216,287)	(275,993)
LONG-TERM PORTION	\$ 29,494	\$ 37,636

Note 8 – Capital Lease Obligations

The Hospital leases vehicles under capital leases. The combined monthly payment is \$16,579 and the leases carry interest rates ranging from 5.0% - 15.7%. Future maturities of capital lease obligations are as follows:

June 30, 2009	\$ 275,276
Less: Amount representing interest	(14,927)
Present value of future minimum lease payments	\$ 260,349
2010	\$ 135,999
2011	93,063
2012	31,287
Total	\$ 260,349

Note 9 – Long-Term Debt

Long-term debt consisted of the following:

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	June 30,	
	2009	2008
Capital Leases	\$ 260,349	\$ 222,450
Certificates of Indebtedness	1,230,005	37,500
Total Debt	1,490,354	259,950
Less Current Portion	(239,302)	(134,576)
Total Long-Term Portion	\$ 1,251,052	\$ 125,374

Changes in Long-term debt were as follows:

	June 30, 2008	Additions	Retirements	June 30, 2009
Capital Leases	\$ 222,450	\$ 205,858	\$(167,959)	\$ 260,349
Certificates of Indebtedness	37,500	1,230,000	(37,495)	1,230,005
Total Debt	\$ 259,950	\$1,435,858	\$(205,454)	\$ 1,490,354

During the year ended June 30, 2008, the Hospital received authorization to issue \$750,000 of certificates of indebtedness. The certificates mature over a 10-year period and carry an interest rate of 4.89%. As of June 30, 2009 and 2008, \$367,500 and \$37,500, respectively, worth of the certificates had been issued. The Hospital is currently only paying interest on the outstanding principle amount and will not begin to make principle payments until all certificates have been issued, which is expected to be in early 2010. See Note 11 for further details.

In a separate matter, during the year ended June 30, 2009, the Hospital issued \$900,000 of certificates of indebtedness for the purchase and renovation of new office facilities. The certificates mature over a 10-year period and carry an interest rate of 4.55%. Future maturities of this securities issue are as follows:

June 30, 2009	\$ 1,084,503
Less: Amount representing interest	(221,998)
Present value of future minimum payments	\$ 862,505
2010	\$ 73,854
2011	77,285
2012	80,876
2013	84,634
2014	88,566
2015 - 2019	457,290
Total	\$ 862,505

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

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 2008 property tax calendar was as follows:

Assessment	January 1, 2008
Levy Date	November 15, 2008
Total Taxes Are Due	December 31, 2008
Lien Date	January 1, 2009

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

Note 11 – Commitments

A. Contract and Agreement

On April 1, 2002, the Hospital entered into an agreement with the Ouachita Parish Police Jury to jointly construct, renovate, and provide for the operation and maintenance of the facility then known as the G. B. Cooley Hospital for Retarded Citizens. The agreement requires that the Hospital maintain and operate the facilities for the exclusive purpose of caring for, treating, housing, and otherwise attending to the needs of retarded citizens who are residents of Ouachita Parish and non-residents after the needs of Ouachita Parish residents are fulfilled. Either party may construct improvements to the Hospital, at its own cost, with the improvements

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

subject to the terms of the agreement. The agreement is for a term of 25 years beginning January 1, 2002 and ending December 31, 2026

B. Leases - Community Homes

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

Other community homes are leased from individuals for varying amounts ranging from \$750 to \$1,200 monthly, with terms expiring at various dates through fiscal year 2010. Lease commitments under these noncancelable operating leases are \$1,945 at June 30, 2009.

Building rent expense for the years ended June 30, 2009 and 2008 was \$142,418 and \$176,342, respectively, and included \$65,398 and \$75,471 in lease payments to the Monroe Housing Authority, respectively.

C. Unissued Debt

As previously mentioned in Note 9, the Hospital has been authorized to issue \$750,000 in certificates of indebtedness for the purposes of renovating current and purchasing new community homes. Of this amount, \$367,500 had been issued as of June 30, 2009. As of the date of this report, an additional \$205,000 has been issued. The remaining \$177,500 is expected to be issued early in calendar year 2010.

Note 12 – Commissioners' Fees

Each member of the Board of Commissioners is paid a \$40 per month travel allowance for each board meeting attended.

Note 13 – Contingencies and Other Matters

The Hospital is the defendant in a lawsuit brought on by a former employee claiming wrongful termination. The Hospital's legal counsel has determined that the likelihood of an unfavorable outcome that would be material in nature is unlikely and, therefore, no liabilities for this suit have been recorded in the financial statements as of and for the year ended June 30, 2009.

SUPPLEMENTAL INFORMATION

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
 FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	June 30,	
	2009	2008
Rita Goodin	\$ 360	\$ 280
Josie C. Roberts	400	480
Jackie Slack	360	360
Kenneth Wilson	360	320
Jim Hutchison	400	360
Jimmy Bond	320	240
Owen Moses	160	-
Kevin Marcantel	-	160
Robert Hammack	-	200
TOTAL	\$ 2,360	\$ 2,400

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Philip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA

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

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

We have audited the financial statements of the business-type activities of **G. B. Cooley Hospital Service District** (the Hospital), as of and for the year ended June 30, 2009, which collectively comprise the Hospital's basic financial statements and have issued our report thereon dated December 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Hospital's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Hospital's financial statements that is more than inconsequential will

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

not be prevented or detected by the Hospital's internal control. We consider the deficiencies described as findings 09-01 and 09-02 in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Hospital's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

The Hospital's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Hospital's responses and, accordingly, we express no opinion on them.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management of G. B. Cooley Hospital Service District, the Board of Commissioners, others within the entity, 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. Under Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Huffman, Huffman, Royal, & Squires

(A Professional Accounting Corporation)

December 31, 2009

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009**

09-01 Billings, Collections, and Recording of Revenues and Receivables

Finding:

As part of its operations, G. B. Cooley Hospital Service District (the Hospital) maintains a bank account on behalf of its clients. Transfers are made from this account, on a monthly basis, to the Hospital's general operating account to cover clients' Patient Liability obligations to the Hospital. However, at June 30, 2009, an entry was made to accrue Patient Liability receivables for an amount that had already been transferred. In addition, attempts to reconcile both Patient Liability and Supported Independent Living (SIL) revenues and receivables resulted in the transfer of the overaccrued Patient Liability revenues to SIL revenues. As a result, an adjustment had to be made to reduce both Patient Liability receivables and SIL revenues by approximately \$40,000.

In a separate matter, amounts billed during the 2008-09 fiscal year for pervasive care clients were not booked into revenues until they were received in 2009-10. While it often takes an extended length of time to collect on these billings, revenues and receivables for these amounts should be recorded at their time of billing. An audit adjustment to record approximately \$36,000 of revenue and receivables was made at June 30, 2009. Both of these issues lead to inaccurate financial reporting.

Recommendation:

We recommend that Hospital personnel reconcile billings, collections, revenues, and receivables for each major revenue source, individually, on a regular basis. We also recommend that amounts transferred from the clients' bank account be reconciled to amounts recorded as Patient Liability revenues and receivables. We further recommend that revenues and receivables be recorded in the proper time period for amounts billed.

Management's Corrective Action Plan:

Management is in the process of setting up procedures to reconcile billing, collection, revenue and receivables for various sources of income. Management will also record revenues and receivables in the proper time period.

09-02 Maintenance of Vacation Leave Records

Finding:

During the course of our audit, it was discovered that adjustments had not been posted for changes in accrued vacation time during the year ended June 30, 2009. Consequently, an adjustment was made to Accrued Vacation and Sick Pay and Salaries for approximately \$59,000. The failure to properly record changes in accrued leave time results in inaccurate financial reporting.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009**

Recommendation:

We recommend that client personnel in charge of payroll matters review the vacation accrual on at least a quarterly basis and make any necessary adjustments.

Management's Corrective Action Plan:

In the future the vacation accrual will be adjusted quarterly or when vacation is cashed in.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT
SUMMARY STATUS OF PRIOR FINDINGS
JUNE 30, 2009**

The following is a summary of the status of the prior year findings included in the Luffey, Huffman, Ragsdale & Soignier (APAC), CPA's audit report dated December 31, 2007, covering the examination of the financial statements of G. B. Cooley Hospital for Retarded Citizens (the Hospital) as of and for the year ended June 30, 2008.

08-01 Billing, Collections, and Tracking of Client Days

Finding:

We noted during our audit that the failure to reconcile patient days billed to revenues collected resulted in an overstatement and adjustment of approximately \$20,000 to revenues and accounts receivable for the year ended December 31, 2008.

Status:

The Hospital made a change in employees and set up a method of tracking client days. Also a MRO-14 report was ordered from DHH which shows the days paid and the remitted dollar amount. Then this report was reconciled to billing.