

OFFICIAL  
FILE COPY  
**DO NOT SEND OUT**

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

RECEIVED

JAN 04 1999

LEGISLATIVE AUDITOR

98902533  
4002

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

**Financial Report  
For the Year Ended June 30, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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       MAY 03 1999

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 1998**

**TABLE OF CONTENTS**

---

	<u>Page</u> *Denotes Schedule
Independent Auditors' Report -----	1

**FINANCIAL STATEMENTS**

Balance Sheets -----	4
Statement of Revenues, Expenses and Changes in Retained Earnings - Budget (GAAP Basis) and Actual -----	5
Statement of Cash Flows -----	6
Notes to Financial Statements -----	7

**OTHER SUPPLEMENTARY INFORMATION**

Schedule 1 - Schedule of Operating Revenues - Budget (GAAP Basis) and Actual -----	19*
Schedule 2 - Schedule of Operating Expenses - Actual -----	20*
Schedule 3 - Schedule of Nonoperating Revenues and Expenses - Budget (GAAP Basis) and Actual -----	21*

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 1998**

**TABLE OF CONTENTS (CONTINUED)**

---

	<u>Page</u> *Denotes Schedule
Schedule 4 - Schedule of Community Living Revenue and Expenses -----	22*
<u>SUPPLEMENTARY INFORMATION - GRANT ACTIVITY</u>	
Schedule of Expenditures of Federal Awards -----	25*
Schedule of Expenditures of State Awards -----	26*
Notes to Schedules of Expenditures of Federal and State Awards -----	27
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> -----	28
Schedule of Findings and Questioned Costs -----	30
Status of Prior Year Findings -----	31

---



Luffey  
Huffman  
& Monroe

(A Professional Accounting Corporation)  
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA  
Francis I. Huffman, CPA  
L. Fred Monroe, CPA  
Esther Atteberry, CPA  
Carolyn A. Clarke, CPA

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying component unit financial statements of **G. B. Cooley Hospital for Retarded Citizens** (a component unit of the Ouachita Parish Police Jury - the Hospital), as of June 30, 1998, and for the year then ended, as listed in the accompanying Table of Contents. These financial statements are the responsibility of management of the Hospital. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 1998, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 1998 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

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

*Luffey, Huffman + Monroe (APAC)*

December 11, 1998

## **FINANCIAL STATEMENTS**

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

	June 30,	
	1998	1997
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,103,536	\$ 1,228,364
Bank Time Deposits	513,946	699,000
Investments	1,583,931	1,099,893
Interest Receivable	39,000	33,088
Receivables, Net of Allowance for Doubtful Accounts of \$100,995 and \$76,870 in 1998 and 1997, respectively	841,521	709,518
Inventory	2,694	7,267
Prepaid Items	61,691	5,888
Total Current Assets	4,146,319	3,783,018
<b>Restricted Assets</b>		
Cash - Cottage Life Funds	9,652	5,571
Total Restricted Assets	9,652	5,571
<b>Property and Equipment, Net</b>	1,464,703	1,584,659
<b>Other Assets</b>		
Medical Self - Insurance Deposit	36	14,735
Deposit on Property and Equipment	42,250	-
Deferred Compensation Plan Assets	315,490	252,231
Total Other Assets	357,776	266,966
<b>TOTAL ASSETS</b>	\$ 5,978,450	\$ 5,640,214

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

	<b>June 30,</b>	
	<u>1998</u>	<u>1997</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 146,882	\$ 186,221
Individuals' Funds Liability	78,077	34,830
Accrued Payroll	121,365	74,324
Withholding and Payroll Taxes Payable	2,936	-
Other Payroll Deductions and Retirement Benefits Payable	19,082	17,866
Accrued Vacation and Sick Pay, Current Portion	353,730	327,585
Accrued Group Insurance Payable	-	14,700
Total Current Liabilities	<u>722,072</u>	<u>655,526</u>
<b>Long - Term Liabilities</b>		
Accrued Vacation and Sick Pay, Net of Current Portion	34,594	19,293
<b>Other Liabilities</b>		
Deferred Compensation Benefits Payable	<u>315,490</u>	<u>252,231</u>
Total Liabilities	1,072,156	927,050
<b>Fund Equity</b>		
Contributed Capital:		
Governmental Units	1,742,544	1,742,544
Others	50,400	50,400
Total Contributed Capital	<u>1,792,944</u>	<u>1,792,944</u>
Retained Earnings:		
Reserved for Cottage Life Funds	9,652	5,571
Unreserved	3,103,698	2,914,649
Total Retained Earnings	<u>3,113,350</u>	<u>2,920,220</u>
Total Fund Equity	<u>4,906,294</u>	<u>4,713,164</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 5,978,450</u>	<u>\$ 5,640,214</u>

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS-BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 1998**

	<b>Budget</b>	<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>
<b>Operating Revenues</b>			
Charges for Services:			
Intergovernmental Revenues	\$ 7,000,000	\$ 7,142,476	\$ 142,476
Private Revenues	429,000	425,292	(3,708)
Other Services	105,000	123,210	18,210
Total Operating Revenues	7,534,000	7,690,978	156,978
<b>Operating Expenses</b>			
Salaries	5,361,290	5,355,558	5,732
Benefits	835,000	846,004	(11,004)
Supplies	213,000	191,202	21,798
Travel and Mileage	125,000	126,608	(1,608)
Food	220,000	207,038	12,962
Facility	551,200	505,064	46,136
Professional Fees	696,989	647,244	49,745
Leisure	25,100	16,062	9,038
Bad Debts	10,000	26,932	(16,932)
Insurance	260,000	204,020	55,980
Depreciation	282,000	297,927	(15,927)
Total Operating Expenses	8,579,579	8,423,659	155,920
<b>Operating Loss</b>	(1,045,579)	(732,681)	312,898
<b>Nonoperating Revenues and Expenses</b>			
Ad Valorem Tax Revenues	731,863	761,387	29,524
Interest Income	140,000	149,413	9,413
Contributions - Cottage Life, Net of Expenses	-	4,081	4,081
Miscellaneous Income	5,000	9,669	4,669
Gain on Disposal of Property and Equipment	-	1,261	1,261
Excess of Nonoperating Revenues Over Nonoperating Expenses	876,863	925,811	48,948
<b>Net Income (Loss)</b>	(168,716)	193,130	361,846
<b>Retained Earnings at Beginning of Year</b>	2,920,220	2,920,220	-
<b>RETAINED EARNINGS AT END OF YEAR</b>	\$ 2,751,504	\$ 3,113,350	\$ 361,846

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 1998**

	<b>1998</b>
<b>Cash Flows From Operating Activities</b>	
Operating Loss	\$ (732,681)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	297,927
Provision for Bad Debts	24,125
Change in Current Assets and Liabilities:	
Interest Receivable	(5,912)
Receivables	(156,126)
Inventory	4,573
Prepaid Items	(55,803)
Accounts Payable	(39,339)
Client Funds Liability	43,247
Accrued Payroll Payable	47,041
Withholding and Payroll Taxes Payable	2,936
Other Payroll Deductions Payable	1,216
Accrued Vacation and Sick Leave Payable	41,446
Accrued Group Insurance Payable	(14,700)
Total Adjustments	190,631
Net Cash Used by Operating Activities	(542,050)
<b>Cash Flows From Noncapital Financing Activities</b>	
Tax Revenues	761,387
Contributions - Cottage Life, Net of Expense	4,081
Miscellaneous Income	9,669
Net Cash Provided by Noncapital Financing Activities	775,137
<b>Cash Flows From Capital and Related Financing Activities</b>	
Medical Self-Insurance Deposit	14,699
Proceeds from Sale of Fixed Assets	5,601
Acquisition of Fixed Assets	(182,313)
Deposits on Property and Equipment	(42,250)
Net Cash Used by Capital Investment Activities	(204,263)
<b>Cash Flows From Investing Activities</b>	
Interest Income	149,413
Maturities of Long-Term Bank Time Deposits	185,054
Purchases of Investments	(484,038)
Net Cash Used by Investing Activities	(149,571)
<b>Decrease in Cash and Cash Equivalents</b>	(120,747)
<b>Cash and Cash Equivalents at Beginning of Year</b>	1,233,935
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 1,113,188

**CASH AND CASH EQUIVALENTS SHOWN ON BALANCE SHEET AS:**

	<b>1998</b>
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 1,103,536
<b>Restricted Assets:</b>	
Cash - Cottage Life Funds	9,652
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	\$ 1,113,188

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

**Note 1 - Summary of Significant Accounting Policies**

*A. History*

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

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

*B. Basis of Accounting and Presentation*

The accompanying component unit financial statements of G. B. Cooley Hospital for Retarded Citizens (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 principals.

The Hospital uses the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. With regard to it's proprietary activities, the Hospital has elected not to apply FASB statements and interpretation issued since November 30, 1989.

*C. Budgets and Budgetary Accounting*

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

1. At least thirty days prior to the beginning of the fiscal year, the Administrator submits to the Board of Commissioners a proposed operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Board of Commissioners after allowing for at least ten days notice to the public at the time the budget is initially submitted

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

to the Board of Commissioners.

3. The final budget must be adopted by the Board of Commissioners no later than fifteen days before the beginning of the fiscal year.
4. Any subsequent revisions requiring alteration of levels of expenditures or transfers between functions must be approved by the Board of Commissioners and subjected to public hearing procedures as explained above.
5. Operating appropriations, to the extent not expended, lapse at year-end. Capital appropriations continue in force until the project is completed.

*D. Cash Equivalents*

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

*E. Receivables - Bad Debts*

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

*F. Inventory*

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

*G. Property and Equipment*

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

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

Furniture and Equipment	5 - 20 Years
Vehicles	4 Years

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

*H. Reserves of Retained Earnings*

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

*I. Comparative Data*

Comparative data for the prior year has been presented in the accompanying balance sheet in order to provide an understanding of changes in the Hospital's financial position.

*J. Use of Estimates*

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

**Note 2 - Cash and Cash Equivalents**

Cash and cash equivalents consisted of the following:

	June 30,	
	1998	1997
Current Assets:		
Cash on Hand, and in Bank		
Checking and Savings Deposits	\$ 1,103,536	\$ 1,120,089
Short-Term Bank Time Deposits	-	108,275
Total Current Assets	1,103,536	1,228,364
Restricted Assets:		
Checking Deposits -- Cottage Life Funds	9,652	5,571
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 1,113,188</b>	<b>\$ 1,233,935</b>

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

Cash on hand and in bank checking and savings deposits includes individuals' funds. See Note 8.

**Note 3 - Cash and Cash Equivalents and Investments**

At June 30, 1998, 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	\$ 1,112,063	\$ 1,135,096
Long-Term Bank Time Deposits	513,946	513,946
Investments	1,583,931	1,583,931
<b>TOTAL</b>	<b>\$ 3,209,940</b>	<b>\$ 3,232,973</b>

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 \$3,232,973 in deposits (collected bank balances) as of June 30, 1998, of which \$315,782 was secured from risk by federal deposit insurance (GASB 3 - Category 1). The balance of \$2,917,191 of the deposits are secured with pledged securities totaling \$1,333,260 held by the custodial bank in the name of the Hospital on behalf of the fiscal agent bank (GASB 3 - Category 2) and investments in United States Treasury Bills totaling \$1,583,931.

Investments of the Hospital consist of United States Treasury bills which are stated at cost which approximates their market value at June 30, 1998.

**Note 4 - Receivables**

Receivables consisted of the following:

	June 30,	
	1998	1997
State of Louisiana:		
Title XIX – Residential	\$ 733,957	\$ 601,466
Contractual Services	151,829	144,030
Individuals' Patient Liability	29,414	21,159
Other Receivables	27,316	19,733
Total Receivables	942,516	786,388
Less: Allowance for Doubtful Accounts	(100,995)	(76,870)
Receivables, Net of Allowance for Doubtful Accounts	<b>\$ 841,521</b>	<b>\$ 709,518</b>

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

Of the 1998 and 1997 receivable balances, ninety-four and ninety-five percent, respectively was due from governmental agencies. The Hospital's contracts are primarily with governmental agencies. Therefore, a majority of the Hospital's revenue is derived from governmental sources.

Accounts receivable at June 30, 1998 and 1997 include \$66,356 of Contractual Services receivables from prior years which have not been collected. The entire amount has been fully reserved in the Allowance for Doubtful Accounts.

**Note 5 - Property and Equipment**

Property and Equipment consisted of the following:

	June 30,	
	1998	1997
Buildings	\$ 350,656	\$ 350,656
Furniture, Fixtures and Equipment	1,147,303	1,108,693
Motor Vehicles	978,791	857,785
Leasehold Improvements	1,946,412	1,946,412
Total Property and Equipment	4,423,162	4,263,546
Accumulated Depreciation	(3,166,447)	(2,886,875)
Net Depreciable Assets	1,256,715	1,376,671
Land	207,988	207,988
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>\$ 1,464,703</b>	<b>\$ 1,584,659</b>

Depreciation expense was \$297,927 and \$287,688 for the years ended June 30, 1998 and 1997, respectively.

**Note 6 - Risk Financing Activities**

Through its primary government, the Ouachita Parish Police Jury, the Hospital participates in a self-funded program (the fund) for potential losses under general liability, property and fleet coverage and worker's compensation. The fund pays the premiums for reinsurance and pays all deductibles up to \$150,000 per occurrence, except for \$500 which is paid by the Hospital. The premiums, which are modified for experience and other factors, are computed annually. The reinsurance policy picks up all losses over the \$150,000 deductible with an aggregate coverage of \$2,000,000. The fund has approximately \$3,452,333 in assets at December 31, 1997. The Hospital contributed approximately \$386,000 into the fund during the year ended June 30, 1998.

**Note 7 - Deferred Compensation Plan**

The Hospital offers its employees a deferred compensation plan created in accordance

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

with Internal Revenue Code Section 457. The plan, available to all Hospital employees, permits them to defer a portion of their salaries until future years. The Hospital does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Hospital (without being restricted to the provision of benefits under the plan), subject only to the claims of the Hospital's general creditors.

*Participants' rights under the plan are equal to those of general creditors of the Hospital in an amount equal to the fair market value of the deferred account for each participant. In management's opinion, the Hospital has no liability for investment losses under the plan. However, the Hospital does have the duty of due care that would be required of an ordinary prudent investor. The Hospital believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.*

All assets of the plan are held by an independent administrator. It is appropriate to include these assets in the Hospital's financial statements since the Hospital has title to them. The deferred compensation plan's assets are presented on the balance sheet in the Other Assets section at their fair value at June 30, 1998 and 1997.

**Note 8 - Individuals' Funds Liability**

Individuals' funds are maintained in accounts as follows:

	June 30,	
	1998	1997
Cash on Hand and in Bank	\$ 78,077	\$ 34,830

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

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

**Note 9 - Compensated Absences**

Employees of the Hospital earn vacation pay in varying amounts ranging from 10 to 25 working days per year depending upon length of service. Vacation hours must be used within 24 months of the date they were earned or they will be forfeited, unless approved

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

by the appropriate director and/or the administrator. Subject to the above limitations, unused vacation is paid to an employee upon retirement, separation, or death at hourly rates being earned by that employee upon separation.

Both full-time and part-time employees accrue sick leave according to a written formula. Sick leave may be carried forward from year to year with no limit on the number of hours that may be accrued. Except upon retirement, a terminated employee shall not be compensated for unused sick leave. Upon retirement, an employee shall be compensated up to a maximum of 60 days at a rate of pay averaged over the previous five years.

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

	June 30,	
	1998	1997
Accrued Vacation	\$ 341,342	\$ 316,689
Accrued Sick Pay	46,982	30,189
Totals	388,324	346,878
Less: Current Portion	(353,730)	(327,585)
<b>LONG-TERM PORTION</b>	<b>\$ 34,594</b>	<b>\$ 19,293</b>

**Note 10 - Community Living Employee Wages Payable**

In 1998, the U.S. Department of Labor performed a wage and hour audit on the Hospital and determined that \$20,847 was due community living employees for underpayment of wages related to accompanying clients on trips. The amount has been accrued as of June 30, 1998. *This amount is included in the Accrued Payroll Liability.*

**Note 11 - 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.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

The Hospital contributed \$65,903 and \$71,103 to the Plan for the years ended June 30, 1998 and 1997, respectively.

**Note 12 - Intergovernmental Revenues**

Intergovernmental revenues consisted of the following:

	June 30, 1998
State of Louisiana – Title XIX Residential	\$ 6,461,301
State of Louisiana – Contractual Services:	
Waiver Program	589,615
Supervised Apartments	24,922
Adult Rehabilitation	49,571
Federal – Preschool Enrichment Program	<u>17,067</u>
 TOTAL INTERGOVERNMENTAL REVENUES	 \$ <u>7,142,476</u>

**Note 13 - 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. Therefore, the Sheriff collects the property taxes for the Hospital.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

The 1998 property tax calendar was as follows:

Assessment	November 3, 1997
Levy Date	November 3, 1997
Total Taxes Are Due	December 31, 1997
Penalties and Interest Were Added	January 1, 1998
Lien Date	January 1, 1998
Tax Sale - 1997 Delinquent Property	June 15, 1998

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; consequently, there are seldom any property taxes receivable at year end.

**Note 14 - Commitments**

*A. Contract and Agreement*

On October 18, 1977, the Hospital entered into an agreement with the Ouachita Parish Police Jury to jointly construct, renovate and provide for the operation and maintenance of the facility known as the G. B. Cooley Hospital for Retarded Citizens. The agreement requires that the Hospital maintain and operate the facilities for the exclusive purpose of caring for, treating, housing and otherwise attending to the needs of retarded citizens who are residents of Ouachita Parish and non-residents, after the needs of Ouachita Parish residents are fulfilled. Either party may construct improvements to the Hospital at its own cost and the improvements are subject to the terms of the agreement. The terms of the agreement are effective until January 1, 2002, or until terminated by either party.

*B. Leases*

*1. Community Homes*

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

Other community homes are leased from individuals for varying amounts ranging from \$650 to \$1,050 monthly. The following schedule represents annual lease expense:

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

For Year Ended	Annual Lease Expense
1999	\$ 101,100
2000	\$ 76,500
2001	\$ 42,700
2002	\$ 28,400
2003	\$ 7,525

**2. Residential III**

The Hospital leases an office at 2204A Justice Street, Monroe, Louisiana, for Residential III. The lease term is for July 1, 1997 through December 31, 1998 at \$500 per month.

Rent expense for the year ended June 30, 1998 was \$161,218 and includes \$57,803 in lease payments to the Monroe Housing Authority.

**Note 15 - Commissioners' Fees**

Members of the Board of Commissioners are paid a \$25 per month travel allowance for each board meeting attended. Payments for the year ended June 30, 1998, were as follows:

Commissioner	Travel Allowance Paid
Josie C. Roberts	\$ 175
Sallie G. Caulfield	200
Frederick C. McHenry	175
Chester Halley	200
Perry Thomas	175
Lois Hoover	200
Ellen Johnson	200
<b>TOTAL TRAVEL ALLOWANCE PAID</b>	<b>\$ 1,325</b>

**Note 16 - Contingencies**

There are several pending lawsuits in which the Hospital is involved. The Hospital's administration and attorneys are of the opinion that the potential claims against the Hospital, resulting from litigation, would not materially affect the financial position of the Hospital at June 30, 1998. The Hospital's administration is of the opinion that all potential claims, resulting from litigation, are covered by insurance.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

The worldwide challenge facing organizations, commonly referred to as the Year 2000 (Y2K) issue, is the result of problems that may be encountered with date-related transactions on systems that have historically recognized years using two digits vs. four digits, e.g. 98 versus 1998. These systems will potentially recognize the "00" as the year 1900 instead of 2000. On the surface, the Y2K problem sounds simple enough; however, the implications of this problem are far reaching and could impact a full range of business services and activities.

The Hospital has conducted a study of its own systems and operations. Based on this study, the Hospital has initiated a project to take all necessary and reasonable steps to get the mission critical systems and operations Y2K compliant in a timely manner. The project will include confirming the Y2K preparedness of significant third parties.

The total costs of the Y2K efforts are estimated to be between \$1,000 to \$5,000 and will be funded with cash flows from operations. As of June 30, 1998, the Hospital has not expended any funds toward making the Hospital system year 2000 compliant.

The assessment of the costs of the Y2K compliance effort, and the timetable for the planned completion of the internal Y2K modifications, are management's estimates. The estimates were based on numerous assumptions as to future events. There can be no guarantee that these estimates will prove accurate, and actual results could differ from those estimated if these assumptions prove inaccurate. Additionally, there can be no absolute guarantee that significant third parties will successfully and timely convert their systems.

**OTHER SUPPLEMENTARY INFORMATION**

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
 SCHEDULE OF OPERATING REVENUES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 1998**

**SCHEDULE 1**

	<u>Budget</u>	<u>Actual</u>
<b>Charges for Services:</b>		
Intergovernmental Revenues		
State of Louisiana:		
Title XIX	\$ 6,366,000	\$ 6,461,301
Contractual Services	634,000	681,175
Total Intergovernmental Revenues	<u>7,000,000</u>	<u>7,142,476</u>
Private Revenues:		
Daily Service:		
Individuals' Patient Liability	334,000	339,098
Pre-School Program	95,000	86,194
Total Private Revenues	<u>429,000</u>	<u>425,292</u>
Other Services:		
Vocational Services	100,000	116,198
Cafeteria Revenues	5,000	7,012
Total Other Services	<u>105,000</u>	<u>123,210</u>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ <u>7,534,000</u></b>	<b>\$ <u>7,690,978</u></b>

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS**  
**SCHEDULE OF OPERATING EXPENSES - ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 1998**

**SCHEDULE 2**

	Chief Executive Office	Logistical Support	Residential I	Residential II	Residential III	Employment Services	Total
Salaries	\$ 685,704	\$ 552,762	\$ 1,337,554	\$ 1,651,840	\$ 347,825	\$ 779,873	\$ 5,355,558
Benefits	846,004	-	-	-	-	-	846,004
Supplies	26,220	6,651	69,763	81,180	1,230	6,158	191,202
Travel and Mileage	19,174	13,523	20,241	32,673	9,859	31,138	126,608
Food	6,325	7,714	84,775	108,174	-	50	207,038
Facility Maintenance	19,470	199,558	34,725	241,776	9,246	289	505,064
Professional Fees	89,890	19,716	233,900	303,338	250	150	647,244
Leisure	1,688	-	6,323	8,051	-	-	16,062
Bad Debts	26,932	-	-	-	-	-	26,932
Insurance	-	204,020	-	-	-	-	204,020
Depreciation	-	297,927	-	-	-	-	297,927

**TOTAL OPERATING**

<b>EXPENSES</b>	\$ 1,721,407	\$ 1,301,871	\$ 1,787,281	\$ 2,427,032	\$ 368,410	\$ 817,658	\$ 8,423,659
-----------------	--------------	--------------	--------------	--------------	------------	------------	--------------

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
 SCHEDULE OF NONOPERATING REVENUES AND EXPENSES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 1998  
 SCHEDULE 3**

	<b>Budget</b>	<b>Actual</b>
<b>Nonoperating Revenues and Expenses</b>		
Tax Revenues:		
Ad Valorem Taxes	\$ 649,363	\$ 678,947
Revenue Sharing	82,500	82,440
Total Tax Revenues	731,863	761,387
Interest Income:		
Operating Fund	140,000	149,413
Total Interest Income	140,000	149,413
Contributions - Cottage Life, Net of Expenses	-	4,081
Miscellaneous		
Management Fee	5,000	4,011
Other Income	-	5,658
Total Miscellaneous	5,000	9,669
Gain on Disposal of Property and Equipment	-	1,261
<b>EXCESS OF NONOPERATING REVENUES OVER NONOPERATING EXPENSES</b>	<b>\$ 876,863</b>	<b>\$ 925,811</b>

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
SCHEDULE OF COMMUNITY LIVING REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 1998**

**SCHEDULE 4**

	DIRECTOR, NURSING, PSYCHOLOGY, SOCIAL SERVICES, COMMUNICATIONS AND DIETARY	SHANNON	SPURGEON	SOUTH GRAND	WALNUT	TEXAS	TRENTON	GARRETT ROAD
<b>Operating Revenues</b>								
Charges For Services:								
Intergovernmental Revenues:								
State of Louisiana		\$ 231,723	\$ 258,366	\$ 248,232	\$ 230,438	\$ 218,476	\$ 266,891	\$ 249,368
Title XIX								
Private Revenues:								
Daily Service		3,102	19,983	24,766	46,803	6,601	13,148	12,255
Total Operating Revenues	-	234,825	278,349	272,998	277,241	225,077	280,039	261,623
<b>Operating Expenses</b>								
Salaries	395,249	117,799	98,234	98,139	81,490	98,720	98,655	93,775
Supplies	4,330	4,419	5,090	5,877	6,021	6,120	5,894	5,796
Travel and Mileage	6,460	2,220	2,241	1,578	1,269	2,067	1,276	1,678
Food	-	8,768	8,850	7,900	8,579	7,951	8,845	8,941
Facility and Maintenance	-	17,876	18,992	17,124	18,280	18,061	17,122	19,268
Professional Services	100	23,393	24,798	25,152	24,908	21,165	24,844	26,177
Leisure	-	265	582	779	615	339	740	620
Total Operating Expenses	406,139	174,740	158,787	156,549	141,162	154,423	157,376	156,255
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ (406,139)	\$ 60,085	\$ 119,562	\$ 116,449	\$ 136,079	\$ 70,654	\$ 122,663	\$ 105,368

**SUPPLEMENTARY INFORMATION - GRANT ACTIVITY**

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 1998**

Federal Grants or Pass-Through Grantor/Program Title	C.F.D.A. Number	Grant Assistance ID Number	Award Amount	Expenditures
<b>U.S. Department of Education</b>				
LA Department of Education				
Early Intervention Program	84.181	97-CIT3	\$ 6,866	\$ 3,574
Early Intervention Program	84.181	98-IT3-SV	20,598	13,493
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 27,464</b>	<b>\$ 17,067</b>

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
SCHEDULE OF COMMUNITY LIVING REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 1998**

**SCHEDULE 4 (CONCLUDED)**

	<u>PARKER ROAD</u>	<u>LATHAM LANE</u>	<u>SUE DRIVE</u>	<u>PRAIRIE ROAD</u>	<u>ARKANSAS ROAD</u>	<u>NORRIS LANE</u>	<u>TENNESSEE STREET</u>	<u>HIGHWAY 15</u>	<u>TOTAL 1998</u>
<b>Operating Revenues</b>									
Charges For Services:									
Intergovernmental Revenues:									
State of Louisiana									
Title XIX	\$ 280,592	\$ 203,366	\$ 266,176	\$ 272,587	\$ 256,594	\$ 184,608	\$ 270,381	\$ 236,265	\$ 3,674,063
Private Revenues:									
Daily Service	393	74,252	32,409	18,742	35	987	21,415	414	275,305
<b>Total Operating Revenues</b>	<b>280,985</b>	<b>277,618</b>	<b>298,585</b>	<b>291,329</b>	<b>256,629</b>	<b>185,595</b>	<b>291,796</b>	<b>236,679</b>	<b>3,949,368</b>
<b>Operating Expenses</b>									
Salaries	96,872	103,406	101,296	109,824	98,427	59,954	117,280	85,228	1,854,348
Supplies	7,938	5,350	5,596	5,642	7,252	5,855	5,688	7,062	93,930
Travel and Mileage	3,821	1,322	3,486	1,940	1,779	1,536	3,142	1,361	37,176
Food	8,426	8,715	9,126	7,848	8,307	5,919	8,553	7,833	124,561
Facility and Maintenance	20,925	23,100	19,192	21,139	17,996	12,701	7,033	16,804	265,613
Professional Services	25,679	20,520	24,008	25,807	21,336	15,453	23,879	18,317	345,536
Leisure	356	512	682	935	837	789	851	1,221	10,123
<b>Total Operating Expenses</b>	<b>164,017</b>	<b>162,925</b>	<b>163,386</b>	<b>173,135</b>	<b>155,934</b>	<b>102,207</b>	<b>166,426</b>	<b>137,826</b>	<b>2,731,287</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 116,968</b>	<b>\$ 114,693</b>	<b>\$ 135,199</b>	<b>\$ 118,194</b>	<b>\$ 100,695</b>	<b>\$ 83,388</b>	<b>\$ 125,370</b>	<b>\$ 98,853</b>	<b>\$ 1,218,081</b>

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 FOR THE YEAR ENDED JUNE 30, 1998**

<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: Supervised Apartments Program	OCDD 000147	\$ 24,922	\$ 24,922
Adult Habilitation	OCDD 000135	<u>49,571</u>	<u>49,571</u>
<b>TOTAL STATE AWARDS</b>		<u>\$ 74,493</u>	<u>\$ 74,493</u>

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
NOTES TO SCHEDULES OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS  
JUNE 30, 1998**

**A. General**

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

**B. Basis of Accounting**

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

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

Federal and State Awards Revenues are included in intergovernmental revenue on the Statement of Revenues, Expenses and Changes in Retained Earnings - Budget (GAAP Basis) and Actual. See Note 12 to the Hospital's financial statements. Intergovernmental revenue consists of the following:

	<u>Title XIX</u>	<u>Waiver</u>	<u>Federal</u>	<u>State</u>	<u>Total Intergovern- mental</u>
Residential	\$ 6,461,301	\$ -	\$ -	\$ -	\$ 6,461,301
Waiver Program	-	589,615	-	-	589,615
Supervised Apartments	-	-	-	24,922	24,922
Adult Rehabilitation	-	-	-	49,571	49,571
Early Intervention Program	-	-	17,067	-	17,067
	<u>\$ 6,461,301</u>	<u>\$ 589,615</u>	<u>\$ 17,067</u>	<u>\$ 74,493</u>	<u>\$ 7,142,476</u>



Luffey  
Huffman  
& Monroe

*(A Professional Accounting Corporation)*  
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA  
Francis I. Huffman, CPA  
L. Fred Monroe, CPA  
Esther Alleberry, CPA  
Carolyn A. Clarke, CPA

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

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

We have audited the financial statements of **G. B. Cooley Hospital for Retarded Citizens** (the Hospital) as of and for the year ended June 30, 1998, and have issued our report thereon dated December 11, 1998. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

**Compliance**

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we did note a certain immaterial instance of noncompliance that we have reported to management of the Hospital in a separate letter dated December 11, 1998.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Hospital's ability to record,

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

process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 98-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, of the reportable conditions described above, we consider item 98-01 to be a material weakness.

This report is intended for the information of management of the Hospital, awarding agencies and pass-through entities, other entities granting funds to the Hospital and the Legislative Auditor for the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Luffey, Huffman & Marvick (APAC)*

December 11, 1998

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
WEST MONROE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED  
FOR THE YEAR ENDED JUNE 30, 1998**

**Findings Related to the Financial Statements which are required to be reported under  
Government Auditing Standards:**

**98-01 Waiver Accounts Receivable and Revenue Time Posting to General Ledger**

**Finding:**

During the first four months of the fiscal year ended June 30, 1998, Waiver Accounts Receivable and Revenue were not posted to the general ledger in a timely manner on a monthly basis. The amounts for August and September, 1997, were posted to the October general ledger. The October amounts were posted to the November general ledger. Subsequent to October, the amounts were posted in a timely manner on a monthly basis except for May, 1998 Waiver Accounts Receivable and Revenue. The amounts for May, 1998 (\$54,532), were not posted as of June 30, 1998. The accountant discovered the error in July, 1998. As the general ledger for the year ended June 30<sup>th</sup> had already been closed, the accountant recorded the May, 1998 amounts in the July, 1998 general ledger as prior year income.

**Recommendation:**

Revenue and receivables should be posted in a timely manner on a monthly basis. The accountant should develop a checklist of regular monthly entries to ensure that all entries are posted on a monthly basis.

**Management's Corrective Action Plan:**

Effective in December, 1997, the Hospital implemented a procedure whereby the subsidiary ledgers are reconciled to the General Ledger on a monthly basis by the accountant. The accountant was transferred from the accounting department to another department in June, 1998, and the posting of the Waiver Receivables and Revenue was over looked. The successor accountant discovered the omission while reconciling the subsidiary ledgers to the General Ledger in July, 1998.

The successor accountant, Linda Creed, has developed a checklist of regular monthly entries to ensure that all entries are posted on a monthly basis. The checklist procedure will be implemented and become effective in January, 1999.

The Director of Administrative Services, Gloria Barfield, will be the supervisor responsible for reviewing the reconciliation of subsidiary ledgers to the General Ledger. She will also review the monthly entries checklist to determine that entries are being posted on a timely basis each month.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 1998**

**INTERNAL CONTROL STRUCTURE**

**PRIOR YEAR FINDING**

**STATUS**

Need to reconcile general ledger account

Repeat Finding No: 98-01



Luffey  
Huffman  
& Monroe

(A Professional Accounting Corporation)  
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA  
Francis I. Huffman, CPA  
L. Fred Monroe, CPA  
Esther Atteberry, CPA  
Carolyn A. Clarke, CPA

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

In planning and performing our audit of the financial statements of **G. B. Cooley Hospital for Retarded Citizens** (the Hospital) as of June 30, 1998, and for the year then ended, certain matters came to our attention which we believe should be conveyed to the Hospital. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 22, 1998, on the financial statements.

**Employee Recognition Event**

***Finding:***

The Cottage Life Fund includes amounts from private funds which are designated for an employee recognition event. In prior years, the amounts designated from private funds have been sufficient to cover the costs of the event.

For the year ended June 30, 1998, the cost of the event totaled \$3,395 and was paid by the General Fund. The amount available for reimbursement by the Cottage Life Fund, \$2,680, had not been transferred to the General Fund as of June 30, 1998. After considering the amount to be reimbursed by the Cottage Life Fund, the General Fund will have paid \$716 for the employee recognition event.

Article 7, Section 14 of the Louisiana Constitution Donation, Loan or Pledge of Public Credit, prohibits donation of public funds. The Attorney General, in Opinion Number 94-115 dated July, 1994, ruled that the Parish of St. Charles may not fund a Civil Service Awards Luncheon. Also, the Attorney General, in Opinion Number 76-1680 dated November, 1976, ruled that the City of Opelousas may not expend funds to defer the costs of a Christmas Party or annual banquet for city employees. These opinions appear to apply and therefore prohibit G. B. Cooley Hospital from funding similar events.

***Recommendation:***

We recommend that G. B. Cooley Hospital not use public funds for employee recognition events.

***Management's Corrective Action Plan:***

This recognition is for those employees who have contributed in significant ways to assist persons with disabilities to live everyday lives. G. B. Cooley has traditionally provided a recognition event for Direct Care Workers and other staff who provide services to the mentally retarded individuals. This event is sponsored by private donations and group fund raising activities.

Independent/private funding sources lacked approximately 21% to meet the cost in association of this recognition event. It has been our understanding that G. B. Cooley could contribute up to 25% toward the cost of a recognition event.

Effective January 1999, G. B. Cooley will not contribute any general fund dollars to the annual Employee's Recognition Event.

*Luffey, Huffman & Monroe (APAC)*

**December 22, 1998**