

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following:

	June 30,	
	1996	1995
Current Assets:		
Cash on Hand, and in Bank		
Checking and Savings Deposits	\$ 1,208,881	\$ 1,078,904
Short-Term Bank Time Deposits	418,797	588,661
Total Current Assets	1,627,678	1,667,565
Restricted Assets:		
Cash in Bank		
Checking Deposits - Cottage Life Funds	6,854	15,781
TOTAL CASH AND CASH EQUIVALENTS	\$ 1,634,532	\$ 1,683,346

Cash on hand and in bank checking and savings deposits includes individually funded. See Note 8.

Note 3 - Cash Deposits and Bank Time Deposits

At June 30, 1996, 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	\$ 1,215,748	\$ 1,362,843
Short-Term Bank Time Deposits	418,797	418,797
Long-Term Bank Time Deposits	545,878	545,878
TOTAL	\$ 2,180,423	\$ 2,327,518

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 \$2,327,518 in deposits (collected bank balances) as of June 30, 1996, of which \$672,458 was secured from risk by federal deposit insurance (GASB 3 - Category 1). The balance of \$1,655,060 of the deposits are secured with pledged securities held by the custodial bank in the name of the Hospital on behalf of the fiscal agent bank (GASB 3 - Category 2).

SUPPLEMENTARY INFORMATION - GRANT ACTIVITY

C. B. COMBLY HOSPITAL, FOR RETIRED OFFICERS
SCHEDULE OF CONTRIBUTORY LIABILITIES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 1996

SCHEDULE'S CONTINUATION

	<u>PAYROLL</u>	<u>LABORAL</u>	<u>WTR</u>	<u>PROVIDER</u>	<u>ARMBLDR</u>	<u>WORKER</u>	<u>TRAVELERS</u>	<u>UNEMPLOY</u>	<u>TOTAL</u>
	<u>EXPENSE</u>	<u>EXPENSE</u>	<u>EXPENSE</u>	<u>EXPENSE</u>	<u>EXPENSE</u>	<u>EXPENSE</u>	<u>EXPENSE</u>	<u>EXPENSE</u>	<u>EXPENSE</u>
Operating Revenues									
Charge for Services	26,026	186,591	26,026	20,156	20,473	66,861	8,580	28,504	1,467,481
Intergovernmental Revenues									
Sale of Land/Buildings									
Title/SDC	1,726	2,611	20,248	11,774	1,028	261	4,473	2	21,556
Private Revenues									
Entry Services	24,129	267,593	782,248	265,018	20,003	662,114	91,089	24,804	1,629,010
Total Operating Revenues	31,881	456,795	1,068,512	397,948	41,504	1,329,236	103,672	53,310	3,117,057
Operating Expenses									
Salaries	81,028	66,713	93,025	14,665	88,128	6,524	41,428	61,425	1,000,882
Supplies	4,226	5,649	12,248	4,177	14,028	2,771	2,788	5,545	87,840
Travel and Mileage	1,817	2,094	3,218	4,498	2,418	1,568	871	1,128	98,410
Fuel	1,786	1,711	4,111	4,498	1,026	5,697	4,488	1,281	14,689
Facility and Maintenance	21,627	20,517	26,213	11,097	20,782	13,476	4,479	1,620	262,111
Professional Services	44,081	22,495	31,548	13,418	26,678	19,297	1,728	1,647	316,481
Lessors	271	281	18	248	68	241	314	301	1,611
Total Operating Expenses	153,337	149,023	186,228	48,726	143,293	89,226	41,629	111,226	1,596,697
EXCESS (DEFICIENCY OF)	16,544	307,772	1,082,284	349,222	268,211	1,239,010	62,043	42,084	1,520,360
RECOVERABLE EXPENSES									

**G. B. COSGROVE HOSPITAL FOR BETTAMER-CITIZENS
SCHEDULE OF COMMONS LEVYING REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 1996**

SCHEDULE B

	REVENUES	EXPENSES	OPERATING	GRAND	WARRANTY	TOTAL	TRAVELING	CURRENT
Operating Revenues								
Change for Services								
Intergovernmental Revenues								
State of Tennessee								
Tolls, etc.	0	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Revenues	0	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Operating Expenses								
Salaries	111,868	63,004	68,771	68,771	68,771	70,004	68,771	68,888
Supplies	1,008	1,299	1,299	1,299	1,299	1,299	1,299	1,299
Travel and Mileage	3,819	2,129	2,402	2,402	2,402	2,402	2,402	2,402
Food	0	6,080	6,080	6,254	6,254	7,231	6,000	6,412
Fuel and Maintenance	0	10,668	10,668	11,279	11,279	14,796	14,796	14,810
Professional Services	20	11,004	11,024	11,024	11,024	11,024	11,024	11,024
Lodging	0	252	252	408	408	1,000	310	407
Total Operating Expenses	116,695	95,276	98,437	99,264	100,064	106,601	101,501	101,841
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	116,695	20,000	113,527	20,736	128,418	116,601	128,504	116,695

(Continued)

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
 SCHEDULE OF NONOPERATING REVENUES AND EXPENSES -
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 1996**

SCHEDULE 4

	<u>Budget</u>	<u>Actual</u>
Nonoperating Revenues and Expenses:		
Tax Revenues:		
Ad Valorem Taxes	\$ 550,000	\$ 618,636
Revenue Sharing	70,000	81,427
Total Tax Revenues	<u>620,000</u>	<u>700,063</u>
Interest Income:		
Operating Fund	75,000	81,810
Cottage Life	0	540
Total Interest Income	<u>75,000</u>	<u>82,350</u>
Contributions - Cottage Life, Net of Expenses	0	(3,307)
Miscellaneous:		
Management Fee	12,500	4,864
Other Income	0	4,415
Total Miscellaneous	<u>12,500</u>	<u>9,279</u>
Gain on Disposal of Property and Equipment	<u>0</u>	<u>4,939</u>
EXCESS OF NONOPERATING REVENUES OVER NONOPERATING EXPENSES	\$ <u>700,500</u>	\$ <u>789,246</u>

C. C. COOLEY HOSPITAL FOR RETARDED CITIZENS
 SCHEDULE OF OPERATING EXPENSES BY
 DIVISION - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 1977

SCHEDULE 3 (CONTINUED)

	Residential FF		Employment Services		Education and Training		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Salaries	\$ 117,876	\$ 114,341	\$ 38,126	\$ 38,045	\$ 15,521	\$ 14,558	\$ 494,440	\$ 4,481,259
Benefits	0	0	0	0	0	0	697,008	784,158
Supplies	1,160	1,219	3,342	3,446	2,508	3,469	195,000	173,294
Travel and mileage	11,886	11,626	13,985	20,844	1,578	1,580	16,000	122,302
Food	0	0	0	0	0	0	300,500	352,758
Facility Maintenance	11,594	25,588	25,400	16,487	208	1,529	62,000	452,586
Professional Fees	0	0	700	200	84,208	15,000	641,100	383,914
Laundry	0	0	0	0	388	742	14,400	13,222
Bed Linen	0	0	0	0	0	0	0	13,021
Insurance	0	3,431	0	3,709	0	0	19,000	242,245
Depreciation	0	0	0	0	0	0	319,000	284,152
	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 207,526	\$ 265,891	\$ 74,228	\$ 74,559	\$ 101,587	\$ 85,189	\$ 8,111,021	\$ 7,493,644

**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>
Charges for Services:		
Intergovernmental Revenues:		
State of Louisiana		
Title XIX	\$ 6,294,712	\$ 6,299,803
Contractual Services	261,881	836,010
Total Intergovernmental Revenues	<u>6,556,593</u>	<u>7,135,813</u>
Private Revenues:		
Daily Services:		
Individuals' Patient Liability	262,280	273,419
Pre-School Program	73,000	80,197
Total Private Revenues	<u>335,280</u>	<u>353,616</u>
Other Services:		
Vocational Services	80,000	96,496
Cafeteria Revenues	12,500	8,240
Total Other Services	<u>92,500</u>	<u>104,736</u>
TOTAL OPERATING REVENUES	\$ <u>7,984,373</u>	\$ <u>7,684,865</u>

OTHER SUPPLEMENTARY INFORMATION

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 14 - Commitments (Continued)

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.

The remaining community homes are leased from individuals for these terms and amounts:

Home	Term	Monthly Amount
Trenton Street	01/01/95 - 12/31/98	\$ 675
Parker Road	12/01/92 - 11/30/97	\$ 900
Morris Lane	01/01/95 - 12/31/97	\$ 650
San Drive	06/01/92 - 05/31/97	\$ 1,000
Prairie Road	01/31/95 - 01/31/98	\$ 1,000
Arkansas Road	03/01/92 - 02/28/97	\$ 823
Latham Lane	02/01/93 - 02/01/98	\$ 1,050
Garrett Road	08/15/93 - 08/15/98	\$ 850
Highway 18	07/16/95 - 07/15/99	\$ 1,000

2. Residential III

The Hospital leases an office at 1204A Justice Street, Monroe, Louisiana, for Residential III. The rental term is for July 1, 1995 through June 30, 1997, at \$475 per month.

Except for the Monroe Housing Authority lease, at June 30, 1996, there were no leases with initial or remaining noncancellable terms in excess of one year. Rent expense for the year ended June 30, 1996 was \$128,217 and includes \$37,561 in lease payments to the Monroe Housing Authority.

**G. B. CUDLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 12 - Intergovernmental Revenues

Intergovernmental revenues consisted of the following:

	<u>June 30, 1996</u>
State of Louisiana - Title XIX Residential	\$ 6,298,803
State of Louisiana - Contractual Services:	
Welder Program	564,254
Preceded Enrichment Program	12,360
Supervised Apartments	24,922
Adult Rehabilitation	<u>34,474</u>
TOTAL INTERGOVERNMENTAL REVENUES	<u>\$ 6,934,813</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	10%
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. Therefore, the Sheriff collects the property taxes for the Hospital.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 11 - Employee Benefit Plans (Continued)

Funding Policy: Contributions to the System include one-fourth of one percent of the taxes shown to be collected by the tax roll of each parish (excluding Orleans and East Baton Rouge). State statute requires covered employees to contribute a percentage of their salary to the System. The Hospital's contribution is determined by actuarial valuation and is subject to change each year based on the results of the valuation for the previous year. The Hospital's contribution to the the System for the years ended June 30, 1994 and 1995 were \$237,144 and \$324,025, respectively and \$125,410 for the six months ending December 31, 1995. As further discussed below, the Hospital canceled its participation in the Plan effective December 31, 1995 and adopted a defined contribution employee benefit plan.

The System issues an annual, publicly-available financial report that includes financial statements and required supplementary information covering the System. The report may be obtained by writing the Financial Employees' Retirement System, P.O. Box 14639, Baton Rouge, LA 70809-0639 or by calling (224) 528-1261.

As noted above, effective January 1, 1996 the Hospital adopted The G.B. Cooley Hospital For Retarded Citizens Retirement Plan (the Plan), a defined contribution retirement plan pursuant to Section 401(a) of the Internal Revenue Code. The Plan is administered by a bank trust department as a third-party trustee. The following information is intended to be a brief summary of certain Plan provisions; participants should consult the Plan document for detailed information relating to the provisions of the Plan. The Plan covers all employees of the Hospital who have attained the age of 18 and have completed one year of eligibility service. The Hospital may make employer contributions each year at the discretion of management; participants may contribute up to 10% of their annual compensation. Employer contributions vest to the participants in full after the participant attains 5 or more years of service credit (a year in which the participant achieves at least 1,000 hours of service). Normal retirement age under the Plan is age 65. Benefits at retirement are payable in the form of a lump-sum distribution or in periodic payments as provided by the Plan.

The Hospital contributed \$50,000 to the Plan for the six months ended June 30, 1996.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 9 - Compensated Absence (Continued)

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 employment taxes, consisted of:

	June 30,	
	1996	1995
Accrued Vacation	\$ 283,450	\$ 245,112
Accrued Sick Pay	53,789	25,753
Totals	337,239	270,865
Less: Current Portion	(298,796)	(267,992)
LONG-TERM PORTION	\$ 38,443	\$ 2,873

Note 10 - Accrued Damages, Community Living

In a prior year, the U. S. Department of Labor performed a wage and hour audit at G. B. Cooley Hospital and determined that \$122,513 was due the community home employees for underpayment of wages. The Hospital has paid all amounts due under the audit, except for \$2,106 which is due to former employees which have not been located. The amounts will be payable upon location of the former employees.

Note 11 - Employee Benefit Plans

Prior to January 1, 1996 substantially all employees of the Hospital participated in the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer public employee retirement system. All full-time Hospital employees were eligible to participate in the System. Employees who retire at or after age 60 with 10 years of credited service, age 55 with 25 years of credited service, or with 30 years of credited service regardless of age are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service. Final-average salary is the employee's average salary over the highest thirty-six consecutive months of credited service. The System also provides death and disability benefits. Benefits are established by state statute.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 7 - Deferred Compensation Plan (Continued)

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, 1996 and 1995.

Note 8 - Individuals' Funds Liability

Individuals' funds are maintained in accounts as follows:

	June 30,	
	1996	1995
Cash on Hand and in Bank	\$ 45,121	\$ 38,888

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 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.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 1996**

Federal Grants/Pass-Through Grants/Program Title	C.F.D.A. Number	Grant Assistance ID Number	Federal Award Amount	Federal Financial Assistance Current Year		Total Federal Revenues to June 30, 1996
				Revenues Recognized	Expenditures	
Grantor Agency - U.S. Department of Education, State Pass-Through Agency - LA Department of Education Early Intervention Program						
		64181				
94-CIT3-CF			\$ 4,500	\$ 2,170	\$ 2,170	\$ 2,283
95-CIT4-CI			5,614	2,413	2,413	2,413
95-CIT3-CI			8,881	8,881	8,881	8,881
TOTAL FEDERAL ASSISTANCE			\$ 19,000	\$ 13,474	\$ 13,474	\$ 14,587

See Notes to Schedule of Federal and State Financial Assistance.

June 30,

	1999	1998
--	------	------

LIABILITIES AND FUND EQUITY

Current Liabilities

Accounts Payable	\$ 233,425	\$ 203,021
Individuals' Funds Liability	45,131	38,886
Accrued Payroll	53,654	50,308
Withholding and Payroll Taxes Payable	440	586
Other Payroll Deductions and Retirements Benefits Payable	18,873	183,110
Accrued Vacation and Sick Pay, Current Portion	298,796	257,893
Accrued Group Insurance Payable	14,699	13,688
Accrued Damages - Community Living Employees	2,308	2,308
Total Current Liabilities	668,622	750,690

Long-Term Liabilities

Accrued Vacation and Sick Pay, Net of Current Portion	17,413	2,873
---	--------	-------

Other Liabilities

Deferred Compensation Benefits Payable	224,684	180,131
--	---------	---------

Total Liabilities	911,019	933,700
-------------------	---------	---------

Fund Equity

Contributed Capital:		
Governmental Units	1,742,944	1,742,944
Others	50,400	50,400
Total Contributed Capital	1,793,344	1,793,344
Retained Earnings:		
Reserved for Cottage Life Funds	6,484	13,281
Unreserved	2,257,483	1,944,633
Total Retained Earnings	2,263,967	1,957,914
Total Fund Equity	4,057,311	3,750,858

TOTAL LIABILITIES AND FUND EQUITY	\$ 4,968,330	\$ 4,303,558
--	---------------------	---------------------

RECEIVED
JUN 20 1966
STATE OF MISSISSIPPI

1-84
U.S. COPY
DO NOT WRITE
ON THIS COPY
PLEASE
DO NOT WRITE
ON THIS COPY
PLEASE
DO NOT WRITE
ON THIS COPY
PLEASE



Services for persons with developmental needs

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1966

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

Release Code... 000 10 000

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1994

TABLE OF CONTENTS

	<u>Page</u> <u>*Denotes</u> <u>Schedule</u>
Independent Auditors' Report	i - 2

FINANCIAL STATEMENTS

Balance Sheets	4 - 5
Statement of Revenues, Expenses and Changes in Retained Earnings - Budget (GAAP Basis) and Actual	6
Statement of Cash Flow	7
Notes to Financial Statements	8 - 20

OTHER SUPPLEMENTARY INFORMATION

Schedule 1 - Schedule of Operating Revenues - Budget (GAAP Basis) and Actual	22*
Schedule 2 - Schedule of Operating Expenses - Actual	23*
Schedule 3 - Schedule of Operating Expenses by Division - Budget (GAAP Basis) and Actual	24* - 28*
Schedule 4 - Schedule of Nonoperating Revenues and Expenses - Budget (GAAP Basis) and Actual	29*

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1996

TABLE OF CONTENTS (CONTINUED)

	Page *Denotes Schedule
Schedule S - Schedule of Residential II Community Living	27* - 28*

SUPPLEMENTARY INFORMATION - GRANT ACTIVITY

Schedule of Federal Financial Assistance	30*
Schedule of State Financial Assistance	31*
Notes to Schedules of Federal and State Financial Assistance	32
Independent Auditors' Report on Internal Control Structure Based on an Audit of Component Unit Financial Statements Performed in Accordance With Government Auditing Standards	33 - 37
Independent Auditors' Report on Compliance Based On an Audit of Component Unit Financial Statements Performed in Accordance With Government Auditing Standards	38
Status of Prior Year Findings	39

LUFFEY, HUFFMAN & MONROE
Certified Public Accountants
P.O. BOX 4745 1100 NORTH 18TH STREET
MONROE, LOUISIANA 71211-4745

TELEPHONE (225) 485-2211
FAX (225) 221-4666

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying 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, 1996, and for the year then ended, as listed in the accompanying Table of Contents. These financial statements are the responsibility of the 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 and compliance 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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.

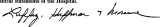
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 1996, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 17, 1996 on our consideration of the Hospital's internal control structure and a report dated October 17, 1996 on its compliance with laws and regulations.

The Board of Commissioners
C. R. Cooley Hospital for Retarded Citizens
Page 2

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.



Monroe, Louisiana
October 17, 1996

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 6 - Risk Financing Activities

From July 1 to December 31, 1995, the Hospital had a medical insurance benefit plan with reinsurance, managed by a third party administrator. The minimum aggregate premium, which is experience rated annually, for the six months ended December 31, 1995 was \$ 194,887, of which the Hospital paid 60% and employees paid 40%. The Hospital has \$14,715 in deposits included in Other Assets as of June 30, 1996 which represents funds available to pay claims and/or premiums for that policy year. The Hospital is not liable for any additional premiums or claims. Effective January 1, 1996, the Hospital converted its medical insurance benefit plan with reinsurance to a fully-insured group medical insurance benefit plan.

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 \$1,000,000. The fund has approximately \$2,700,000 in assets at December 31, 1995. The Hospital contributed approximately \$270,000 into the fund during the year ended June 30, 1996.

Note 7 - Deferred Compensation Plan

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

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
BALANCE SHEETS

	June 30,	
	1996	1995
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,648,648	\$ 1,629,565
Bank Time Deposits	541,020	389,000
Interest Receivable	7,487	7,408
Receivables, Net of Allowance for Doubtful Accounts of \$83,663 and 179,420 in 1996 and 1995, respectively	879,693	746,891
Tax Refunds Receivable	0	13,752
Inventory	9,784	13,898
Prepaid Items	5,079	3,156
Total Current Assets	3,097,208	3,813,570
Restricted Assets		
Cash - Cottage Life Funds	6,494	13,281
Property and Equipment, Net		
	1,890,799	1,868,897
Other Assets		
Medical Self - Insurance Deposit	14,335	33,725
Deferred Compensation Plan Assets	224,884	193,121
Total Other Assets	239,219	226,846
TOTAL ASSETS	\$ 4,967,930	\$ 4,702,510

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

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996

Note 4 - Receivables

Receivables consisted of the following:

	June 30,	
	1996	1995
State of Louisiana:		
Title XIX - Residential	\$ 491,556	\$ 585,717
Contractual Services	184,179	214,118
Individuals' Patient Liability	24,680	21,999
Other Receivables	32,788	33,687
Total Receivables	933,203	855,521
Less: Allowance for Doubtful Accounts	(83,653)	(78,428)
Receivables, Net of Allowance for Doubtful Accounts	<u>\$ 849,550</u>	<u>\$ 777,093</u>

Of the 1996 and 1995 receivable balances, sixty-five and sixty-four 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.

Note 5 - Property and Equipment

Property and Equipment consisted of the following:

	June 30,	
	1996	1995
Buildings	\$ 429,744	\$ 346,213
Furniture, Fixtures and Equipment	1,876,882	1,859,181
Motor Vehicles	759,744	694,581
Leasehold Improvements	1,948,137	1,948,137
Total Property and Equipment	4,214,507	3,848,112
Accumulated Depreciation	(2,272,816)	(2,471,345)
Net Depreciable Assets	1,941,691	1,376,767
Land	202,598	202,598
TOTAL PROPERTY AND EQUIPMENT	<u>\$ 2,144,289</u>	<u>\$ 1,579,365</u>

Depreciation expense was \$268,252 for the year ended June 30, 1996.

**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**

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Disfavorable)</u>
Operating Revenues			
Charges for Services			
Intergovernmental Revenues	\$ 6,856,753	\$ 6,834,813	\$ 79,260
Private Revenues	308,380	333,655	18,006
Other Services	29,900	304,640	17,040
Total Operating Revenues	<u>7,195,033</u>	<u>7,473,108</u>	<u>108,736</u>
Operating Expenses			
Salaries	4,948,540	4,860,709	86,778
Benefits	697,000	704,000	(7,100)
Supplies	900,000	1,70,294	17,006
Travel and Mileage	136,000	127,333	13,678
Fuel	308,400	300,700	3,700
Facility	620,000	622,500	(2,500)
Professional Fees	643,188	583,704	61,478
Leases	96,000	15,200	3,200
Bad Debts	0	15,000	(15,000)
Insurance	375,000	381,000	61,000
Depreciation	275,000	308,200	4,200
Total Operating Expenses	<u>8,111,835</u>	<u>7,876,766</u>	<u>235,497</u>
Operating Loss	(917,002)	(403,658)	388,261
Nonoperating Revenues and Expenses			
Tax Revenues	628,000	780,000	88,000
Interest Income	78,000	82,500	7,500
Contributions - Garage Sale, Net of Expenses	0	(7,500)	(7,500)
Miscellaneous Income	12,500	9,250	(5,250)
Gain on Disposal of Property and Equipment	0	4,000	4,000
Excess of Nonoperating Revenues Over Nonoperating Expenses	<u>718,500</u>	<u>789,250</u>	<u>81,800</u>
Net Income (Loss)	(200,000)	306,000	486,000
Retained Earnings at Beginning of Year	1,901,000	1,901,000	0
RETAINED EARNINGS AT END OF YEAR	\$ 1,677,000	\$ 2,207,000	\$ 470,000

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

CL. B. CONLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1994

	1994
Cash Flows From Operating Activities:	
Operating Loss	\$ (485,000)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	288,254
Provision for Bad Debts	1,243
Change in Current Assets and Liabilities:	
Receivables - Increase	(55,170)
Inventories - Decrease	1,886
Prepaid Items - Decrease	131
Accounts Payable - Increase	35,623
Other Funds Liability - Increase	5,293
Accrued Payroll Payable - Increase	5,248
Withholding and Payroll Taxes Payable - Decrease	(145)
Other Payroll Liabilities Payable - Decrease	(35,413)
Accrued Vacation and Sick Leave Payable - Increase	45,544
Accrued Group Insurance Payable - Increase	1,000
Total Adjustments	150,057
Net Cash Used by Operating Activities	(334,943)
Cash Flows From Noncapital Financing Activities:	
Medical Self-Insurance Deposit - Increase	(1,000)
Tax Revenues	790,000
Grant Revenues - Cottage Care, Out of Hospital	(1,815)
Other Income	5,175
Net Cash Provided by Noncapital Financing Activities	792,360
Cash Flows From Capital and Related Financing Activities:	
Proceeds From Sale of Fixed Assets	12,004
Acquisition of Fixed Assets	(285,150)
Net Cash Used by Capital Investment Activities	(273,146)
Cash Flows From Investing Activities:	
Interest Income	81,792
Purchases of Long-Term Bank Time Deposits	(141,000)
Net Cash Provided by Investing Activities	(59,208)
Net Increase in Cash and Cash Equivalents	15,209
Cash and Cash Equivalents at Beginning of Year	1,241,846
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,257,055
CASH AND CASH EQUIVALENTS SHOWN ON BALANCE SHEET ARE	1994
Current Assets	
Cash and Cash Equivalents	1,257,055
Noncurrent Assets	
Cash - Cottage Care Funds	4,000
TOTAL CASH AND CASH EQUIVALENTS	1,261,055

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

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

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 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. The Hospital was created April 11, 1963, by Ordinance Number 7127. 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

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.

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 to the Board of Commissioners.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1986**

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Budgets and Budgetary Accounting (Continued)

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 other outstanding receivables.

F. Inventory

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

G. Property and Equipment

The Hospital did not maintain fixed asset records prior to 1981. During 1981 fixed asset records were established. The assets were recorded at cost when cost could be determined, and at estimated cost when cost records could not be located. All donated assets were recorded at fair market value on the date of the donation.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Property and Equipment (Continued)

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

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

Buildings	20 - 25 Years
Leasehold Improvements	20 - 25 Years
Furniture and Equipment	5 - 10 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.

**G. B. CONLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

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, 1996, were as follows:

<u>Commissioner</u>	<u>Travel Allowance Paid</u>
Jessie C. Roberts	\$ 250
Sallie G. Caulfield	189
Fredrick C. McIlenny	225
Richard Frewell	225
Perry Thomas	225
Lois Hoover	225
Elm Johnson	<u>225</u>
TOTAL TRAVEL ALLOWANCE PAID	<u>\$ 1,412</u>

Note 16 - Excess of Expenses Over Budget

Actual expenses and other financing uses did not exceed budgeted expense and other financing uses by more than 5% with the exception of the following:

<u>Expense</u>	<u>Budget</u>	<u>Actual</u>
Bad Debts	\$ 0	\$ 13,331
Benefits	\$ 697,000	\$ 754,156

Actual benefits expense exceeded budgeted benefits expense by more than 8% because the current expense includes \$18,751 for applicable employment taxes related to prior years' accrued compensated absences payable.

Note 17 - 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 as June 30, 1996. The Hospital's administration is of the opinion that all potential claims, resulting from litigation, are covered by insurance.

FINANCIAL STATEMENTS

**The Board of Commissioners
G. B. Conley Hospital for Retarded Citizens**

whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

The reportable conditions noted are as follows:

1. Repairs and Maintenance Purchasing Procedures

Findings:

In our review of repairs and maintenance expense, we observed a paid invoice from Cheek's Electric and Air Conditioning for \$2,360 for replacement of heating, ventilating and air conditioning equipment which appears to violate LA R. S. 38:2212 A(1)(a). The documentation we examined did not contain the three quotes required by state bid law for purchases between \$5,000 and \$10,000.

Recommendation:

We recommend that state bid law policies be followed.

Response:

Title XIX Regulations require that all air conditioning and heating equipment remain in good working condition. On August 28, 1995, one of the building's air conditioners had to be replaced. The unit to be replaced at this location was the initial unit installed approximately sixteen years ago. These buildings are self contained with no air ventilation when air conditioning units are not working.

The extreme heat on this date (101 degrees) precipitated the above emergency action being implemented due to health conditions. A price of \$2,300 was obtained from the vendor with installation within 24 hours.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 1996**

Grants/Program Title	Grant Activity ID Number	State Award Amount	State Financial Assistance		Total State Revenue to June 30, 1996
			Reassigned	Current Year Expenditures	
State of Louisiana Office of Human Services Department of Health and Hospitals Division of Mental Retardation - Developmental Disabilities	DGA 340-6176	\$ 24,932	\$ 24,932	\$ 24,932	\$ 24,932
	DHH 31423				
	OCDD89-96SA-194				
Supervised Apartments Program	DGA 340-6172	34,674	34,674	34,674	34,674
	DHH 33403				
	OCDD89-94AH-937				
Adult Rehabilitation					
TOTAL STATE ASSISTANCE		\$ 59,606	\$ 59,606	\$ 59,606	\$ 59,606

See Notes to Schedule of Federal and State Financial Assistance.

**C. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 1996**

INTERNAL CONTROL STRUCTURE

PRIOR YEAR FINDING	STATUS
Household Bank Account Balances - Reconciliation to General Ledger	Cleared
Budget	Cleared

LUFFEY, HUFFMAN & MONROE
Certified Public Accountants
P.O. BOX 4745 1108 NORTH 18TH STREET
MONROE, LOUISIANA 70119-4745

TELEPHONE (504) 337-4775
FAX (504) 337-4888

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF THE 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 as of and for the year ended June 30, 1996, and have issued our report thereon dated October 17, 1996.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to G. B. Cooley Hospital for Retarded Citizens is the responsibility of the Hospital's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Hospital's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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 of the Board of Commissioners and management of G. B. Cooley Hospital for Retarded Citizens, its cognate audit agency, other agencies 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.

Monroe, Louisiana
October 17, 1996

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the use of the Board of Commissioners and management of G. B. Cooley Hospital for Retarded Citizens, its cognizant audit agency, other agencies granting funds to the Hospital and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ruffly, Hoffman & Korman

Monroe, Louisiana
October 17, 1996

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

While these units were installed, the control wiring and thermostat had to be replaced resulting in the additional, unforeseen cost above the \$5,500.

The Agency has established a written procedure to insure that if a cost goes over \$5,000, that an Emergency declaration will be obtained from the Board within the ten-day time limit.

2. Employee Hospitalization Insurance

Findings

The Board of Commissioners has approved for the Hospital to contribute sixty-five percent toward the cost of group health insurance premiums. For the period, January 1 through June 30, 1996, the Hospital contributed sixty-nine percent of the premium.

We also observed that the premium as charged by the insurance carrier is calculated at two levels, single or family. The Hospital calculates the employee portion of the premium at four levels, single, single with children, married with spouse, and married with spouse and children. As a result of the different levels, for the period January 1 through June 30, 1996, the Hospital paid the following percentages of the premium:

Employee Marital Status	Percent Paid by Hospital
Single	61.67%
Single, with children	71.21%
Married, with spouse	66.67%
Married, with spouse and children	57.58%

With the insurance company billing on two levels and the hospital withholding from the employees on four levels, the percent the hospital pays will constantly change due to the change in the mix of the employee status.

In our review of employee benefits expense, we observed that the Hospital pays the group health insurance premium according to the monthly statement presented by the insurance carrier, and does not reconcile these monthly statements to the premium withheld from the employee participants in the plan for the specific month. From January 1 through June 30, 1996, the monthly statements, as presented by the insurance carrier, included erroneous billings which caused the Hospital to over pay the premium. The Hospital has requested a refund for the amounts overreceived.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 13 - Property Taxes (Continued)

The 1996 property tax calendar was as follows:

Assessment	December 31, 1995
Levy Date	November 30, 1995
Total Taxes Are Due	December 31, 1995
Penalties and Interest Were Added	February 1, 1996
Lien Date	June 5, 1996
Tax Sale - 1995 Delinquent Property	June 12, 1996

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, conserve 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, 2001, or until terminated by either party.

LUFFEY, HUFFMAN & MONROE
Certified Public Accountants
P.O. BOX 4748 1108 NORTH 18TH STREET
MONROE, LOUISIANA 71211-0748

TELEPHONE (504) 335-4444
FAX (504) 335-8888

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
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, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 17, 1996.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Governor Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of G. B. Cooley Hospital for Retarded Citizens is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with the Board's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of G. B. Cooley Hospital for Retarded Citizens for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the relevant policies and procedures and

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

Recommendation:

The Hospital should reconcile the insurance monthly billing to the employee payroll deduction register to ascertain that the correct amount is being paid to the insurance company, and the correct amount is being withheld from the employee, and the insurance company is giving proper credit to the hospital in subsequent months.

The Hospital should either renegotiate the insurance contract so that the billing levels will be comparable to the amounts determined for payroll deduction, or the Board of Commissioners should approve specific dollar amounts that the Hospital will pay toward employee group health insurance based on marital status.

Response:

G. B. Cooley contacted the insurance company to renegotiate the billing rate on health insurance to reverse each category of health insurance participants are charged appropriately. On a monthly basis, the payroll clerk and personnel staff that handle insurance billing will reconcile any changes in the billing to ensure proper credits are received.

3. SSI Overpayments

Finding:

During the fiscal years ended June 30, 1988 and 1989, SSI overpaid patient liability on certain individuals. The total overpayment is \$6,664. G. B. Cooley is holding this overpayment.

Recommendation:

We recommend that management obtain the necessary opinion from counsel to determine the appropriate disposition of these funds.

Response:

Legal opinion has been obtained and G. B. Cooley has been advised to prepare a listing of the overpayments and submit it to the State of Louisiana to determine the appropriate disposition of these funds.

G. B. COOLY HOSPITAL FOR RETARDED CITIZENS
NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 1996

A. General

The preceding Schedules of Federal and State Financial Assistance present the activity of all Federal and state financial assistance programs of G. B. Cooly 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 Federal Financial Assistance. However, the preceding schedules do not include any Title XIX or Waiver funds.

B. Basis of Accounting

The Schedules of Federal and State Financial Assistance 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 Federal and State Financial Assistance to the Financial Statements

Federal and State Financial Assistance 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:

	Title XIX	Waiver	Federal	State	Total Intergovern- mental
Residential	\$ 4,298,885	\$ 0	\$ 0	\$ 0	\$ 4,298,885
Waiver Program	0	584,254	0	0	584,254
Supervised Apartments	0	0	0	34,823	34,823
Adult Rehabilitation	0	0	0	34,874	34,874
Early Intervention Program	0	0	13,874	0	13,874
Subtotal	\$ 4,298,885	\$ 584,254	\$ 13,874	\$ 69,697	\$ 4,966,710
Less Refunds to Grantor	0	0	(3,118)	0	(3,118)
TOTAL	<u>\$ 4,298,885</u>	<u>\$ 584,254</u>	<u>\$ 10,756</u>	<u>\$ 69,697</u>	<u>\$ 4,966,602</u>