

CLAIRE HOUSE

FINANCIAL REPORT

For the Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Ms. Terry Foulcard, Program Director
Claire House
Morgan City, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Claire House, a program of the St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Claire House's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Claire House, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Claire House has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Claire House's basic financial statements. The Budgetary Comparison Schedule, Schedule of Compensation, Benefits and Other Payments to Program Director, and Schedule of Insurance in Force are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule and Schedule of Compensation, Benefits and Other Payments to Program Director are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule and Schedule of Compensation, Benefits and Other Payments to Program Director are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Insurance in Force has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2019, on our consideration of Claire House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Claire House's internal control over financial reporting or on compliance. That report is

an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Claire House's internal control over financial reporting and compliance.

Dannall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

November 6, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CLAIRE HOUSE
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Petty cash	\$ 200
Due from State of Louisiana	78,258
Due from St. Mary Parish Council	84,221
Prepaid insurance	<u>5,840</u>
Total current assets	168,519
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>62,986</u>
TOTAL ASSETS	<u>\$ 231,505</u>
LIABILITIES	
Liabilities	
Accounts payable	\$ 6,419
Compensated absences payable	<u>8,142</u>
Total liabilities	14,561
NET POSITION	
Net investment in capital assets	62,986
Restricted	<u>153,958</u>
Total net position	<u>216,944</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 231,505</u>

The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense)
			Revenue and Changes in Net Position
			Governmental Activities
Governmental activities:			
Health and Welfare	\$ 569,739	\$ 537,139	\$ (32,600)
		Net position - beginning	<u>249,544</u>
		Net position - ending	<u>\$ 216,944</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CLAIRE HOUSE

Balance Sheet – Governmental Fund
June 30, 2019

	<u>General Fund</u>
ASSETS	
Petty cash	\$ 200
Due from State of Louisiana	78,258
Due from St. Mary Parish Council	84,221
Prepaid insurance	<u>5,840</u>
TOTAL ASSETS	<u>\$ 168,519</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	<u>\$ 6,419</u>
TOTAL LIABILITIES	6,419
Fund balance	
Nonspendable	5,840
Restricted	<u>156,260</u>
TOTAL FUND BALANCE	<u>162,100</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 168,519</u>

The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2019

Total fund balance - governmental fund	\$ 162,100
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	62,986
Compensated absences payable are not due and payable in the current period and, therefore, are not reported in the governmental fund.	<u>(8,142)</u>
Total net position - governmental activities	<u>\$ 216,944</u>

The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Fund
For the Year Ended June 30, 2019

	<u>General Fund</u>
Revenues	
Federal grants	\$ 537,139
Expenditures	
Current -	
Health and welfare	
Operating services	134,430
Personal services and benefits	408,099
Professional services	3,496
Supplies	10,289
Capital outlay	<u>35,511</u>
Total expenditures	<u>591,825</u>
Net change in fund balance	(54,686)
Fund balance, beginning	<u>216,786</u>
Fund balance, ending	<u>\$ 162,100</u>

The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balance - governmental fund \$ (54,686)

Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental fund reports capital outlays as expenditures, however,
in the Statement of Activities, the cost of those assets is allocated
over their useful lives and reported as depreciation expense. This
is the amount of capital outlay in excess of depreciation in the
current period. 23,563

Payments of compensated absences is an expenditure
in the governmental fund, but these payments reduce
liabilities in the Statement of Net Position. (1,477)

Change in net position of governmental activities \$ (32,600)

The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Notes to the Financial Statements

INTRODUCTION

In January of 1995, the St. Mary Parish Council passed a resolution agreeing to participate in the operation of a long-term residential treatment facility for chemically addicted women and their children. The operations began on October 1, 1995 when the Council entered into an agreement with the State of Louisiana Department of Health and Hospitals to operate the Claire House Treatment Facility.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Claire House have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, the Louisiana Governmental Audit Guide. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

As the governing authority for Claire House, for reporting purposes, the St. Mary Parish Council (Parish Council) is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (Parish Council), (b) the organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining programs should be considered part of the Parish Council for financial reporting purposes. The basic criterion for including a potential program within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish Council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Because of the significance of the relationship between Claire House and the Parish Council, Claire House was determined to be a program of the Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by Claire House and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Basis of Presentation

Claire House's financial statements consist of the government-wide statements on all activities and the governmental fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of Claire House.

The statement of activities demonstrates the degree to which the direct expenses having a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include operating and capital grants received from federal and state agencies.

The government-wide presentation focuses primarily on the sustainability of Claire House as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. The accounts of Claire House are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of Claire House:

Governmental Fund Type

General Fund – The general fund accounts for all operations of the Claire House.

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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 period. Accordingly, actual results could differ from those estimates.

Budget

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted each year for the General Fund.

Integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments, if any.

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipts of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are re-appropriated in the next year. No encumbrances were outstanding at year-end.

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Depreciation of all exhaustible capital assets are recorded as a depreciation expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Furniture	5-7 years
Vehicles	5-7 years
Equipment	5-12 years
Leasehold Improvements	20-40 years

Fund Financial Statements

In the fund financial statements, capital assets used in government fund operation are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Vacation and Sick Leave

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used. The maximum amount of vacation days that can be carried over is 10 work days but only upon written approval by the Chief Administrative Officer and must be taken by the

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

employee within 45 days. Sick leave shall be earned at the rate of one day per month up to 12 days per year. An employee cannot accrue more than 120 days of sick leave. Upon termination an employee is compensated for accumulated vacation time. Employees are not compensated for sick time unless termination is due to normal retirement. Normal retirement is when the employee meets the required qualifications to retire from the Parochial Employees' Retirement System of Louisiana.

Equity Classifications

Government-wide Financial Statements

Net position represents the difference between assets and liabilities. Net position is reported in three categories, as follows:

- a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by Claire House.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, Claire House applies restricted net position first.

Fund Financial Statements

Claire House applies GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. See Note 8 for further explanation.

Subsequent Events

Claire House has evaluated subsequent events through November 6, 2019, the date the financial statements were available to be issued.

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 2 DUE FROM THE STATE OF LOUISIANA

As of June 30, 2019 the State of Louisiana owes Claire House \$78,258 as a result of their grant payment not yet received on their May and June per diem grant payment. This grant is based on a fee of \$85 per day for each adult and \$66 per day for each child. The original grant documentation stated that this amount was not to exceed an annual maximum of 7,517 billable days or a total maximum of \$579,363.

NOTE 3 DUE FROM THE ST. MARY PARISH COUNCIL

The St. Mary Parish Council deposits all receipts and disburses all of Claire House's expenses out of the Parish Council's checking account. The amount due from the Parish Council is a result of the excess of Claire House's deposits over disbursements by \$84,221.

NOTE 4 ECONOMIC DEPENDENCE

Claire House currently receives 100% of its operating revenue through the federal agency, the Administration for Children and Families, Department of Health and Human Services. This grant is for temporary assistance for needy families. This grant is applied for on a year-to-year basis and Claire House is currently funded through June 30, 2019. With the loss of these revenues, which are year-to-year grant allocations, and not having any other grants to replace this loss, Claire House would not exist.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets being depreciated:				
Vehicles	\$ 83,020	\$ 29,653	\$ -	\$ 112,673
Furniture	28,400	549	-	28,949
Equipment	42,959	2,659		45,618
Leasehold Improvements	-	2,650	-	2,650
Total capital assets being depreciated	154,379	35,511	-	189,890
Less accumulated depreciation for:				
Vehicles	58,622	9,411	-	68,033
Furniture	27,805	274	-	28,079
Equipment	28,529	2,186		30,715
Leasehold Improvements	-	77	-	77
Total accumulated depreciation	114,956	11,948	-	126,904
Capital assets, net	<u>\$ 39,423</u>	<u>\$ 23,563</u>	<u>\$ -</u>	<u>\$ 62,986</u>

Depreciation for the year ended June 30, 2019 was \$11,948.

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 6 PENSION PLAN

All full-time employees of Claire House are members of the Parochial Employees' Retirement System of Louisiana, a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of Claire House are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Claire House funds are eligible to participate in the System. Under Plan A, employees can retire at or after age 65 with at least 7 years of creditable service, at age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service and are entitled to a retirement benefit, payable monthly for life, equal to three percent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

On January 1, 2007, Act #584 of 2006 implemented a new plan of benefits for new employees hired on or after January 1, 2007. Under the act, employees eligible for retirement can retire at or after age 67 with at least 7 years of creditable service, age 62 with at least 10 years of creditable service, or at or after age 55 with at least 30 years of creditable service. These new employees are entitled to a retirement benefit, payable monthly for life, equal to three percent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 60 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

Covered employees are required by the State Legislature to contribute 9.50 percent of their gross salary to the plan. Claire House was required by the same statute to contribute 12.50 percent in 2017, 11.50 percent in 2018, and 11.50 percent in 2019 of each employee's gross salary to the plan. The contribution requirements of plan members and Claire House are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the fiscal year. Claire House's contributions to the System for the years ended June 30, 2019, 2018 and 2017 were \$31,148, \$34,313 and \$37,475, respectively, equal to the required contribution for each year.

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 6 PENSION PLAN (CONTINUED)

The St. Mary Parish Council makes contributions to the retirement system for Claire House's employees. Therefore, the disclosure of pension liabilities, deferred outflows of resources, and deferred inflows of resources required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27, is included within the Council's financial report. The Council's publicly available report may be obtained by writing to the St. Mary Parish Council at 500 Main Street, Franklin, LA 70538.

NOTE 7 RELATED PARTIES

Claire House's operations are housed in a building owned by the St. Mary Parish Council. Claire House paid the Council rent of \$60,844 for the year ended June 30, 2019. This rental agreement is year-to-year on an annual basis, unless either party gives written notice to the other party of its intent not to renew beyond the then current annual term. Such notice shall be in writing.

This agreement shall be subject to termination if the Council ceases operating Claire House, or if the funds to continue its operations are not provided by the federal grant.

The Council provides bookkeeping services for Claire House. Claire House paid the Council a total of \$19,875 in current year for bookkeeping services.

As described in Note 3, the Council owes Claire House for their deposits out of the Council's checking account in excess of the disbursements made for the benefit of Claire House in the amount of \$84,221.

All monetary donations in relation to Claire House are deposited into a separate bank account controlled by Friends of Claire House. Friends of Claire House has a 501(c)(3) status (tax-exempt), and is a separate entity from Claire House.

NOTE 8 FUND BALANCES

Claire House applies GASB Statement No. 54, which redefined how balances of governmental funds are presented in the financial statements. Fund balance is classified as follows:

Nonspendable Fund Balance—amounts that are not in spendable form or are required to be maintained intact.

Restricted Fund Balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance—amounts constrained to specific purposes by Claire House itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless Claire House takes the same highest level action to remove or change the constraint.

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 8 FUND BALANCES (CONTINUED)

Assigned Fund Balance—amounts Claire House intends to use for a specific purpose. Intent can be expressed by Claire House or by an official or body to which Claire House delegates the authority.

Unassigned Fund Balance—amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, Claire House considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, Claire House considers the amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Claire House has provided otherwise in its commitment or assignment actions.

The following is a schedule of fund balance as of June 30, 2019:

	<u>General Fund</u>
Nonspendable	\$ 5,840
Restricted:	
Temporary Assistance for Needy Families	<u>156,260</u>
Total fund balance	<u>\$ 162,100</u>

NOTE 9 CHANGES IN COMPENSATED ABSENCES PAYABLE

The following reflects the change in compensated absences payable during the year:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2019</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 6,665</u>	<u>\$ 8,142</u>	<u>\$ 6,665</u>	<u>\$ 8,142</u>	<u>\$ 8,142</u>

As of June 30, 2019 the employees of Claire House accumulated \$16,919 in non-vested sick pay, which is not reflected in the financial statements. This contingent liability will be recognized if and when the employees meet the normal retirement qualifications. An accrual is made for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used.

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 10 RISK MANAGEMENT

Claire House is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claire House has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. Claire House is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended June 30, 2019. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

SUPPLEMENTARY INFORMATION

CLAIRE HOUSE

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Federal grants	\$ 579,363	\$ 579,363	\$ 537,139	\$ (42,224)
Expenditures				
Current -				
Health and welfare				
Operating services	146,500	147,500	134,430	13,070
Personal services and benefits	415,363	413,663	408,099	5,564
Professional services	3,000	4,000	3,496	504
Supplies	12,000	13,600	10,289	3,311
Capital outlay	<u>2,500</u>	<u>600</u>	<u>35,511</u>	<u>(34,911)</u>
Total expenditures	<u>579,363</u>	<u>579,363</u>	<u>591,825</u>	<u>(12,462)</u>
Net change in fund balance	-	-	(54,686)	(54,686)
Fund balance, beginning	<u>216,786</u>	<u>216,786</u>	<u>216,786</u>	<u>-</u>
Fund balance, ending	<u>\$ 216,786</u>	<u>\$ 216,786</u>	<u>\$ 162,100</u>	<u>\$ (54,686)</u>

See independent auditor's report.

CLAIRE HOUSE

Schedule of Compensation, Benefits and Other Payments to Program Director
For the Year Ended June 30, 2019

Program Director Name: Terry Foulcard

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 46,301
Benefits - insurance	8,970
Benefits - retirement	<u>5,325</u>
Total	<u>\$ 60,596</u>

See independent auditor's report.

CLAIRE HOUSE

Schedule of Insurance in Force
For the Year Ended June 30, 2019
(Unaudited)

<u>Insurer</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Expiration</u>
PGRMA Insurance	Workers' Compensation		1/1/2020
	By Each Accident	\$1,000,000	
	By Disease Policy Limit	\$1,000,000	
	By Disease Each Employee	\$1,000,000	
TDC Specialty Ins.	General Liability		5/2/2020
	General Aggregate	\$1,000,000	
	Products/Completed Oper. Aggr.	\$1,000,000	
	Personal & Advertising Injury	\$1,000,000	
	Each Occurrence	\$1,000,000	
	Damage to Rented Premises	\$ 50,000	
	Medical Expenses (Any one person)	\$ 5,000	
	Professional Liability		
General Aggregate	\$1,000,000		
Each Occurrence	\$1,000,000		
Markel Insurance	Accident and Health		2/1/2020
	General Aggregate	\$ 250,000	

See independent auditor's report.

**INTERNAL CONTROL,
COMPLIANCE, AND
OTHER INFORMATION**



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

Ms. Terry Foulcard, Program Director
Claire House
Morgan City, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Claire House, a program of the St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Claire House's basic financial statements, and have issued our report thereon dated November 6, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Claire House's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Claire House's internal control. Accordingly, we do not express an opinion on the effectiveness of Claire House's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document; therefore, its distribution is not limited.

Dannall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

November 6, 2019

CLAIRE HOUSE

Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2019

There were no findings noted during the prior year audit.

CLAIRE HOUSE

Schedule of Findings and Responses
For the Year Ended June 30, 2019

Part 1: Summary of Auditors' Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on the financial statements of Claire House's governmental activities and major fund as of and for the year ended June 30, 2019.

Deficiencies in Internal Control – Financial Reporting

Our consideration of internal control over financial reporting did not disclose any deficiencies in internal control which are required to be reported under *Government Auditing Standards*.

Material Noncompliance – Financial Reporting

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2019.

MANAGEMENT LETTER

This section is not applicable for the fiscal year ended June 30, 2019.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There were no findings noted during the audit.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2019, Claire House did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

CLAIRE HOUSE

Management's Corrective Action Plan for Current Year Findings
For the Year Ended June 30, 2019

There were no findings noted during the audit.