

Financial Report

Terrebonne ARC

Houma, Louisiana

June 30, 2019



Financial Report

Terrebonne ARC

Houma, Louisiana

June 30, 2019

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Terrebonne ARC

June 30, 2019

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Terrebonne ARC,
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Terrebonne ARC (the "Association"), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Association'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 Association'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 Association'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Terrebonne ARC as of June 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries with management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association's financial statements as a whole. The accompanying Combining Governmental Fund Balance Sheet - General Fund Departments as of June 30, 2019, the Combining Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance - General Fund Departments and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying Combining Governmental Fund Balance Sheet - General Fund Departments at June 30, 2019, the Combining Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance - General Fund Departments and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer for the year then ended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2019 on our consideration of the Terrebonne ARC internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, compliance and the results of that testing. It does not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit and performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 20, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne ARC

June 30, 2019

This section of the Association's financial report presents our discussion and analysis of the Association's financial performance during the year ended June 30, 2019. This document focuses on the current year's activities, resulting changes and currently known facts. Please read it in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Association's assets exceeded its liabilities as of June 30, 2019 by \$21,497,066 (net position), which represents a 4.1% increase from last fiscal year. Of this amount, \$14,443,031 (unrestricted net position) may be used to meet the Association's ongoing obligations.
- Intergovernmental revenues increased by \$136,010, or 2.8%, due to a federal vehicle grant received from the Louisiana Department of Transportation and Development. Charges for service revenues increased by \$162,463, or 3.5%, due to increases in services provided. Grant revenue of \$4,500 consists of a grant from Conoco Phillips. Miscellaneous revenues increased by \$96,985, or 41.0%, primarily due to an increase in interest rates. Total revenues increased by \$380,958, or 3.9%.
- The Association's total expenses increased by \$282,661, or 3.2%. Personal services increased by \$211,990, or 3.2% due to salary and benefit cost increases. Supplies and materials increased by \$14,555, or 3.6%, primarily due to an increase in food purchases due to improving sales. Other services and charges decreased by \$13,712, or 1.2%, due to the CARF accreditation in the prior year. Repairs and maintenance increased by \$8,947, or 3.6%, due to an increase in repairs to vehicles, equipment and buildings. Depreciation increased \$47,783, or 9.8%, due to the purchase of new vehicles and equipment, and placing the new Cajun Confections building in service.

FINANCIAL HIGHLIGHTS (Continued)

- The Association's governmental fund reported that total assets increased by \$666,360, or 4.6%, while total liabilities decreased by \$133,976, or 24.4%. Assets exceeded liabilities as of June 30, 2019 by \$14,646,178 (fund balance) with an increase of \$800,336, or 5.7%. Of this nearly \$15 million in fund balance, \$130,198 is non-spendable, \$6,656,108 is committed for dedicated emergencies and contingencies, \$3,900,537 is assigned for next year's budget deficit and \$313,561 received from donations is assigned for designated expenditures. Unassigned fund balance amounted to \$3,645,774 as of June 30, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements focus on the Association as a whole (government-wide) and the major individual fund. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and should enhance the Association's accountability. The Statement of Net Position and the Statement of Activities provide information about the activities of the Association as a whole and present a longer-term view of the Association's finances. For governmental activities, fund financial statements tell how these services were financed in the short term as well as what remains for future spending.

Reporting the Association as a Whole

One of the most important questions asked about the Association's finances is, "Is the Association as a whole better off or worse off as a result of the year's activities?". The Statement of Net Position and the Statement of Activities report information about the Association as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most not-for-profit organizations and private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Association's net position and changes in it. You can think of the Association's net position - the difference between assets and liabilities - as one way to measure the Association's financial health, or financial position. Over time, increases or decreases in the Association's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Association's local, state and federal programs, to assess the overall health of the Association.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Reporting the Association as a Governmental Fund**

The Association's services are reported in a governmental fund, which focuses on how money flows into and out of the fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Association's general operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Association's programs. We describe the relationship (or differences) between activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental fund in reconciliations, which are reflected on the page following each governmental fund statement (see Exhibits D and F).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the condensed Statement of Net Position as of June 30, 2019, with comparative figures from June 30, 2018:

	June 30,		Dollar Change	Total Percent Change
	2019	2018		
Current and other assets	\$15,061,257	\$14,394,897	\$666,360	4.6%
Capital assets	7,054,035	6,993,489	60,546	0.9%
Total assets	<u>22,115,292</u>	<u>21,388,386</u>	<u>726,906</u>	3.4%
Other liabilities	415,079	549,055	(133,976)	-24.4%
Long-term liabilities	203,147	184,203	18,944	10.3%
Total liabilities	<u>618,226</u>	<u>733,258</u>	<u>(115,032)</u>	-15.7%
Net position:				
Net investment in capital assets	7,054,035	6,993,489	60,546	0.9%
Unrestricted	14,443,031	13,661,639	781,392	5.7%
Total net position	<u>\$21,497,066</u>	<u>\$20,655,128</u>	<u>\$841,938</u>	4.1%

For more detailed information see Exhibit A, Statement of Net Position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Approximately 32.81% of the Association's net position as of June 30, 2019, reflect the Association's net investment in capital assets (land, buildings, office furniture and machinery and equipment less accumulated depreciation). The Association uses these capital assets to provide services to the individuals with intellectual and other developmental disabilities; consequently, these assets are not available for future spending. The remaining 67.19% of net position, referred to as unrestricted, may be used to meet the ongoing obligations of the Association.

The following table provides a summary of the changes in net position for the year ended June 30, 2019, with comparative figures from June 30, 2018:

	Condensed Statement of Activities		Dollar Change	Total Percent Change
	<u>For the year ended June 30,</u>			
	<u>2019</u>	<u>2018</u>		
Revenues:				
Intergovernmental	\$ 4,986,559	\$ 4,850,549	\$136,010	2.8%
Charges for services	4,756,340	4,593,877	162,463	3.5%
Grants	4,500	19,000	(14,500)	-76.3%
Miscellaneous	333,591	236,606	96,985	41.0%
Total revenues	<u>10,080,990</u>	<u>9,700,032</u>	<u>380,958</u>	<u>3.9%</u>
Expenses:				
Health and welfare	<u>9,239,052</u>	<u>8,956,391</u>	<u>282,661</u>	<u>3.2%</u>
Change in net position	841,938	743,641	98,297	13.2%
Beginning net position	<u>20,655,128</u>	<u>19,911,487</u>	<u>743,641</u>	<u>3.7%</u>
Ending net position	<u>\$21,497,066</u>	<u>\$20,655,128</u>	<u>\$841,938</u>	<u>4.1%</u>

The Association's net position increased by \$841,938 during the current year, due to drawdowns received from the Terrebonne Parish Consolidated Government from the proceeds of a parish-wide ad valorem tax dedicated for the habilitation and welfare services of individuals with intellectual and other developmental disabilities, services provided and an increase in interest rates.

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUND

Revenues for the Association's General Fund for the year ended June 30, 2019 were approximately \$10.1 million. There are four funding categories: intergovernmental (49.4%), charges for services (47.2%), grants (0.1%), and miscellaneous (3.3%). The largest single funding source is local funding from the Terrebonne Parish Consolidated Government, as described above, (intergovernmental category) at 48.0% of total revenues. Medicaid Waiver funds at 19.9%, Title XIX funds at 7.9%, and community work contracts at 16.1% are included in the charges for services category, which represents 47.2% of total revenues. Increases in intergovernmental revenues were a result of a vehicle grant received from the Louisiana Department of Transportation and Development. Increases in charges for services revenue were a result of increases in services provided. Grant revenue consists of one grant received from a private company. The Association's miscellaneous revenues increased due to an increase in interest income.

General Fund expenditures were approximately \$9.3 million for the year ended June 30, 2019. There are five categories of expenditures classified as Current Expenditures and Capital Outlay. Since the Association is a provider of human services, the personal services category is the largest expense category at 74.4%. The other categories are supplies and materials at 4.5%, other services and charges at 11.8%, and repairs and maintenance at 2.8%. Capital outlay, which exhibits the most variance from year to year, represented 6.5% of total expenditures for the year ended June 30, 2019.

There was an increase in personal services costs this year due to employee pay increases and an increase in the cost of employee benefits. An increase in supplies and materials resulted from an increase in food costs. Other services and charges decreased due to CARF accreditation in the prior year. Repairs and maintenance increased due to an increase in repairs to vehicles, equipment and buildings and tree trimming and removal costs. Capital outlay decreased due to the construction of a new beignet bakery and candy store in the prior year.

The Association's financial position has improved over the past several years with an increase this year due to an excess of revenues over expenditures of \$800,336. Factors, which will affect the Association's results of future operations follow. The Association constantly faces the possibility of funding cuts from state and federal funding sources. As in past years, the Medicaid funding challenge at the state and federal levels will continue to threaten the reimbursement rate for programs providing Medicaid Waiver services. Since the Association will now have to evacuate when tropical storms threaten the area, evacuation costs could increase significantly. The total financial effect of these factors, if any, will not be known until the end of next fiscal year.

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUND (Continued)

Departmental Analysis

General Operating Department

General Operating Department revenue increased due to a federal vehicle grant received from the Louisiana Department of Transportation and Development and interest income. Personal services costs increased as a result of annual pay increases and an increase in the cost of employee benefits. Other categories of expenditures showed only minor fluctuations from the prior year.

Besides the administration of all programs our General Operating Department includes transportation to and from work for adult individuals served throughout Terrebonne Parish. Social opportunities are provided through the Association's Music Therapy Program, which strengthens coordination, concentration, social skills, speech development and enjoyment. The music group provides entertainment at community functions. The Association's specialized services include family support, advocacy and nursing. Family support services assist families and individuals in coping with simple to highly complex problems. Services are provided by a licensed professional counselor and include individual and family counseling, behavior training, psychological counseling, vocational counseling, vocation assessments, anger management, social counseling and resource referral. The advocacy services offer family assistance in obtaining services and networking with needed support services. The Association's nursing staff consists of an RN and an LPN whom administer daily medications and handle emergency medical situations.

Adult Workshop Department

The Association's Adult Workshop Department revenues increased this year because of an increase in services provided. Expenditures for personal services, supplies and materials, and other services, increased slightly as a result of costs associated with expansion of several vocational work programs and increases in wages and benefit costs. Total expenses decreased due to the majority of the capital outlay construction costs for a new beignet bakery and candy store being incurred in the prior year. Day habilitation services are provided through this department where individuals served receive training and hands-on work experience in manufacturing and providing services for the community. Sheltered workshop employment consists of prevocational habilitation and day habilitation for severe and profound individuals by training our individuals served to provide services and to work in a variety of different settings such as: arts and crafts, salsa and pepper jelly production, packaging, Mardi Gras beads, candy, screen printing, bakery, thrift store, restaurant and cafeteria. The Association's mobile crews are trained to provide janitorial and lawn maintenance services to businesses in the community. In the Supported Employment Program, our individuals served are trained and placed in a job in the community. With the Association's continued training and support, these individuals are able to work in normal work settings.

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUND (Continued)

Residential Departments

Residential services provide for habilitation and care through our Community Homes, Center-Based and In-Home Respite (including personal care attendant, PCA) and Supervised Independent Living (SIL) departments. The three community homes provide skills training in the areas of household chores, grooming, exercise, meal preparation, laundry skills and daily routines. SIL offers an array of services to assist our individuals in living as independently as possible in the community and include training, consultation, day and night companions and behavior companions. Respite and PCA services assist with activities of daily living and offers parents and/or guardians a time of rest.

Respite/Personal Care Attendant (PCA) Department

The Association's Respite/PCA department provides care of individuals to aid the primary care giver. Revenue remained consistent with prior year. Expenses in the program decreased due to a decrease in personal services.

Supervised Independent Living (SIL) Department

Supervised Independent Living provides assistance to individuals served with daily living. Revenue in the program increased due to an increase in the number of individuals served and a donation for the cost of dental procedures needed for individuals served. Expenses in the program increased primarily due to increased salaries, benefit costs and dental procedures for individuals served.

Dixie Community Home Department

Dixie Community Home revenues decreased due to a decrease in the number of individuals served in the current year. Expenses decreased due to less overtime resulting from staffing changes.

Wellington Community Home Department

Wellington Community Home revenues decreased due to a decrease in the number of individuals served in the current year. Expenses remained consistent with prior year

Lillian Marie Community Home Department

Lillian Marie Community Home revenue remained consistent with the prior year. Expenses increased primarily due to increased salaries as a result of personnel changes.

BUDGETARY HIGHLIGHTS

Budget adjustments are made mid-year to account for any significant deviation from beginning year projections. Only if there is a substantial budget deviation will the annual budget be adjusted in the second half of the year. During the current year, the budget was amended to reflect drawdowns from Terrebonne Parish Consolidated Government from the parish-wide ad valorem tax being more than anticipated, an increase in services provided, unanticipated grants, a vehicle grant from the Department of Transportation, and an increase in investment earnings. The budget was also amended to reflect a decrease in other services and charges due to insurance costs being less than anticipated. The budget amendment reflects an increase in personal services due to individuals served, salaries and worker's compensation insurance being more than anticipated. The budget amendment also reflects an increase in supplies and materials due to the restaurant as a result in sales and the purchase of more food than anticipated for the restaurant. The budget amendment reflects a decrease in repairs and maintenance due to less anticipated vehicle, equipment and building repairs. Capital outlay costs were decreased for architect fees and construction costs for construction of a new restaurant being lower than anticipated. All other adjustments were made to prevent significant unfavorable variances in budgeted revenues and expenditures. The total difference of the change in fund balance between the original budget and the amended budget was a change of \$1,691,524 from a deficit of \$3,665,708 to a deficit of \$1,974,184. This increase was the result of an increase in revenues of \$360,518 and a net decrease in expenditures of \$1,331,006. There was a 3.5% favorable budget variance in revenues principally due to increase in revenue from services for waiver, an additional individual in the community homes as well as a increase in the sale of services and products of the Association's various businesses. Expenditures were less than budget by 20.8% since salaries are budgeted as being fully staffed when several positions were vacant for part of the year. Also, benefits costs less than anticipated due to workers' compensation dividend received. The purchase of two shuttle vehicles through grants were completed in the fiscal year ended June 30, 2019. Construction costs for the new beignet bakery and candy store were less in the year ended June 30, 2019 as it was substantially completed in the prior year. Consequently, the result of operations, which was projected as a deficit of approximately \$2.0 million, resulted in a surplus of \$800,336, revenues in excess of expenditures.

CAPITAL ASSET ADMINISTRATION

The Association's net investment in capital assets as of June 30, 2019 totaled \$7,054,035 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, office furniture, machinery and equipment as shown in the following table. This amount represents a net increase of \$60,546, or approximately 1%, due to capital additions exceeding depreciation and deletions.

(Continued)

CAPITAL ASSET ADMINISTRATION (Continued)

	Capital Assets (Net of depreciation)		Dollar Change	Total Percent Change
	June 30, 2019	2018		
Land	\$ 478,615	\$ 478,615	\$ -	0.0%
Construction in progress	103,679	1,203,014	(1,099,335)	-91.4%
Buildings	5,437,140	4,404,064	1,033,076	23.5%
Office furniture, equipment, and fixtures	514,286	385,269	129,017	33.5%
Machinery and equipment	520,315	522,527	(2,212)	-0.4%
Totals	<u>\$ 7,054,035</u>	<u>\$ 6,993,489</u>	<u>\$ 60,546</u>	<u>0.9%</u>

This year's capital improvements included the following:

Construction-in-progress for beignet bakery and candy store	\$103,679
Building/land improvements	\$116,569
Air conditioning system replacement	\$47,054
Vehicles	\$154,922
Computers/office equipment	\$167,417
Machinery and equipment	\$10,687
Furniture	\$3,472

The reduction in the costs of capital assets during the current year included the following:

Disposal of air conditioning	\$10,227
Disposal of computers/office equipment	\$81,563
Disposal of vehicles	\$15,700
Disposal of machinery and equipment	\$3,482

CAPITAL ASSET ADMINISTRATION (Continued)

The Association's fiscal year 2020 capital budget includes \$2,798,336 for capital expenditures, principally for architect fees for design of a new country store, construction costs, equipment and furnishings; purchase of equipment for expansion in programs or replacement of old equipment; one new vehicle; and Department of Transportation grants for two shuttles that have been awarded and four additional shuttles for which grant applications have been submitted. The Association has no plans to issue debt to finance these projects; rather, the Association will use available resources. More detailed information about the Association's capital assets is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Association's Board of Directors and management considered many factors when setting the fiscal year 2020 budget. These factors include any unusual conditions, one-time expenditures and changes in rates or fees that occurred during the 2019 fiscal year or whose effects are determinable at the time of budget preparations for the 2020 fiscal year. Accordingly, any possible Medicaid funding reductions or increased evacuation expenditures discussed on page 8 have not been incorporated into the budget for 2020.

Revenues and other sources for fiscal year 2020 are projected to be \$9,750,908, \$11,221 more than 2019. Budgeted expenditures are expected to rise 16.5% from the year ended June 30, 2019 to \$13,651,444. The most significant increases are in personal services as a result of all positions being budgeted at full time status with pay increases and capital asset costs due to increase due to the architect fees for the construction of a new restaurant and gift shop. The Association's fund balance is expected to decrease by \$3,900,536.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Association's finances for all those with an interest in the Association's finances. If you have any questions about this report or need additional financial information, contact Terrebonne ARC, Director of Finance, 1 McCord Road, Houma, Louisiana 70363.

STATEMENT OF NET POSITION**Terrebonne ARC**

June 30, 2019

Assets

Cash and cash equivalents	\$ 11,935,700
Investments	2,500,000
Receivables:	
Accounts	27,195
Other	31,358
Due from other governmental units	431,032
Inventories	120,726
Prepaid insurance	9,472
Deposits	5,774
Capital assets:	
Non-depreciable	582,294
Depreciable, net of accumulated depreciation	6,471,741
	<hr/>
Total assets	22,115,292
	<hr/>

Liabilities

Accounts payable and accrued expenditures	415,079
Long-term liabilities -	
Due after one year	203,147
	<hr/>
Total liabilities	618,226
	<hr/>

Net Position

Net investment in capital assets	7,054,035
Unrestricted	14,443,031
	<hr/>
Total net position	\$ 21,497,066
	<hr/>

See notes to financial statements.

STATEMENT OF ACTIVITIES**Terrebonne ARC**

For the year ended June 30, 2019

Functions/Programs	Direct Expenses	Indirect Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	Capital Grants	Total Governmental Activities
Governmental Activities						
Health, welfare, and social services:						
Adult Workshop	\$4,725,777	\$1,709,666	\$2,965,989	\$4,500	\$ -	\$ (3,464,954)
Residential	1,577,884	783,022	1,733,506	-	-	(627,400)
Administrative	2,935,391	(2,492,688)	59,453	-	146,874	(236,376)
Total governmental activities	<u>\$9,239,052</u>	<u>\$ -</u>	<u>\$4,758,948</u>	<u>\$4,500</u>	<u>\$146,874</u>	<u>(4,328,730)</u>
General Revenues						
Grants and contributions not restricted to specific programs						4,839,685
Miscellaneous						330,983
Total general revenues						<u>5,170,668</u>
Change in net position						841,938
Net Position						
Beginning of year						<u>20,655,128</u>
Ending of year						<u>\$21,497,066</u>

See notes to financial statements.

GOVERNMENTAL FUND BALANCE SHEET**Terrebonne ARC**

June 30, 2019

Assets

Cash and cash equivalents	\$ 11,935,700
Investments	2,500,000
Receivables:	
Accounts	27,195
Other	31,358
Due from other governmental units	431,032
Inventories	120,726
Prepaid insurance	9,472
Deposits	5,774
	<hr/>
Total assets	<u>\$ 15,061,257</u>

Liabilities

Accounts payable and accrued expenditures	<u>\$ 415,079</u>
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Fund Balance

Nonspendable:	
Inventories	120,726
Prepaid insurance	9,472
Committed:	
Dedicated emergencies and contingency fund	6,656,108
Assigned:	
Subsequent years' expenditures:	
Next year's budget deficit	3,900,536
Donations	313,561
Unassigned	3,645,775
	<hr/>
Total fund balance	<u>14,646,178</u>
	<hr/>
Total liabilities and fund balance	<u>\$ 15,061,257</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Terrebonne ARC

June 30, 2019

	General Fund
Fund Balances - Governmental Fund	\$ 14,646,178
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p style="padding-left: 40px;">Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.</p>	
Governmental capital assets	\$ 13,570,100
Less accumulated depreciation	<u>(6,516,065)</u>
	7,054,035
<p style="padding-left: 40px;">Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.</p>	
Compensated absences payable	<u>(203,147)</u>
Net Position of Governmental Activities	<u><u>\$ 21,497,066</u></u>

See notes to financial statements.

STATEMENT OF GOVERNMENTAL FUND
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE

Terrebonne ARC

For the year ended June 30, 2019

	<u>General Fund</u>
Revenues	
Intergovernmental:	
Terrebonne Parish Consolidated Government	\$ 4,837,077
State of Louisiana:	
Department of Transportation	146,874
Other	2,608
Charges for services	4,756,340
Grants	4,500
Miscellaneous	333,591
	<u>10,080,990</u>
Expenditures	
Health and welfare:	
Current:	
Personal services	6,903,311
Supplies and materials	416,081
Other services and charges	1,097,665
Repairs and maintenance	259,797
Capital outlay	603,800
	<u>9,280,654</u>
Total expenditures	<u>9,280,654</u>
Deficiency of revenues over expenditures	800,336
Fund Balance	
Beginning of year	<u>13,845,842</u>
End of year	<u>\$ 14,646,178</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

Terrebonne ARC

For the year ended June 30, 2019

Net Change in Fund Balance - Governmental Fund	\$ 800,336
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	\$ 603,800
Depreciation expense	<u>(533,886)</u>
Excess of capital outlay over depreciation expense	69,914
<p>The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and donations, is to decrease net assets.</p>	
	(9,368)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund.</p>	
Increase in compensated absences payable	<u>(18,944)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 841,938</u></u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne ARC

For the year ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental:				
Terrebonne Parish Consolidated				
Government	\$ 4,762,000	\$ 4,835,000	\$ 4,837,077	\$ 2,077
State of Louisiana:				
Department of Transportation	40,000	146,874	146,874	-
Other	51,100	2,000	2,608	608
Charges for services	4,345,769	4,445,338	4,756,340	311,002
Grants	-	4,500	4,500	-
Miscellaneous	180,300	305,975	333,591	27,616
Total revenues	<u>9,379,169</u>	<u>9,739,687</u>	<u>10,080,990</u>	<u>341,303</u>
Expenditures				
Health and welfare:				
Current:				
Personal services	7,270,398	8,184,489	6,903,311	1,281,178
Supplies and materials	256,216	506,199	416,081	90,118
Other services and charges	1,914,557	1,319,373	1,097,665	221,708
Repairs and maintenance	322,806	298,946	259,797	39,149
Capital outlay	3,280,900	1,404,864	603,800	801,064
Total expenditures	<u>13,044,877</u>	<u>11,713,871</u>	<u>9,280,654</u>	<u>2,433,217</u>
Net Change in Fund Balance	(3,665,708)	(1,974,184)	800,336	2,774,520
Fund Balance				
Beginning of year	<u>13,845,842</u>	<u>13,845,842</u>	<u>13,845,842</u>	<u>-</u>
End of year	<u>\$ 10,180,134</u>	<u>\$ 11,871,658</u>	<u>\$ 14,646,178</u>	<u>\$ 2,774,520</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne ARC**

June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne ARC (the "Association") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

Terrebonne ARC was organized as a nonprofit corporation on March 21, 1962. The Association administers programs to provide for the needs of individuals with intellectual and other developmental disabilities. Tax exempt status has been granted under Internal Revenue Code Section 501(c)3.

The Association is fiscally dependent upon the Terrebonne Parish Consolidated Government (the "Parish") for a significant amount of its intergovernmental revenue, accordingly the Association is a component unit of the Parish and as such, these component unit financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2019.

GASB No. 14, *The Financial Reporting Entity*, GASB No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, and GASB No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the Association for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Association and the potential component unit.
4. Imposition of will by the Association on the potential component unit.
5. Financial benefit/burden relationship between the Association and the potential component unit.

The Association has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the Association. The government-wide presentation focuses primarily on the sustainability of the Association as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

Fund Financial Statements:

The fund financial statements are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

The following is the governmental fund of the Association:

General Fund - The General Fund is the general operating fund of the Association. It is used to account for and report all financial resources except those that are required to be accounted for in another fund.

c) 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" transactions are recorded 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.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The Association's definition of available means expected to be received within sixty days of the end of the fiscal year. The Association's inter-governmental fundings are described in Note 3. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the Association because they are generally not measurable until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements: (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is accumulated unpaid vacation and sick pay which is recognized when paid. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

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

e) Operating Budgetary Data

The Association is a quasi-governmental entity which is contractually required by the Parish to adopt an operating budget and follow certain state laws generally limited to local governments. The budget for the General Fund is adopted by the Board of Directors of the Association and submitted to the Parish Council for approval. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end. The budget was amended once during the year. Budget amendments are approved by the Board of Directors. Budgets are adopted on a basis materially consistent with generally accepted accounting principles.

f) Cash, Cash Equivalents, and Investments

Cash includes amounts in regular and money market accounts.

Cash and cash equivalents include certificates of deposit and securities with maturities of three months or less when purchased and deposits in the Louisiana Asset Management Pool (LAMP).

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Cash, Cash Equivalents, and Investments (Continued)

Investments are reported at fair value except for: (1) certificates of deposit, which are reported at cost, approximates fair value, and (2) LAMP investment, which is a local government 2a7-like pool administered by a non-profit corporation organized under State of Louisiana Law, which is permitted to be carried at amortized cost.

Investment policies are governed by a contract with the Parish (state statutes).

g) Accounts Receivable

The financial statements of the Association contain no allowance for uncollectible accounts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the Association.

h) Inventories

Inventories consist of expendable materials, supplies and products held for sale. Inventories are valued at the lower of cost (first-in, first-out) or net realizable value. The cost is recorded as an expenditure at the time the individual inventory items are sold or used utilizing the consumption method.

i) Capital Assets

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. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with an estimated historical cost totaled \$538,390, or 3.97% of the total cost. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (Continued)

Depreciation of all exhaustible capital assets is recorded as an 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 asset is as follows:

Buildings	10 - 40 years
Office furniture, equipment, and fixtures	3 - 20 years
Machinery and equipment	5 - 25 years

Fund Financial Statements:

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

j) Long-Term Obligations

The accounting treatment of long-term obligations depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of accrued compensated absences: vacation and sick leave.

Fund Financial Statements:

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements.

k) Vacation and Sick Leave

The Association's policies regarding vacation and sick leave, accrued prior to November 9, 1993, permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as a long-term obligation in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Vacation and Sick Leave (Continued)

Vacation benefits accrue each year on the employee's full-time anniversary date. The Association grants paid vacation time to regular, full-time employees who work at least 240 days per year according to their continuous length of service with the Association. The length of paid vacation time is as follows:

<u>Years of Service</u>	<u>Paid Vacation Allowance</u>
Less than 1 year	None
1 year to 3 years	5 days
4 years to 9 years	10 days
10 years to 19 years	15 days
20 years and above	20 days

Employees are not allowed to carry forward more than 30 days per year.

All part-time employees are eligible for personal hours equivalent to the number of hours normally worked within a work week, not to exceed a maximum of 40 paid hours to be given on the employee's anniversary date after one year of consecutive employment. Hours that are not used during the year will be accruable up to a maximum of 60 hours.

All regular full-time employees who work 240 days or more per year are eligible for eight days of paid sick time each year. Employees may accumulate a maximum of up to 60 days of paid sick time.

Upon resignation or termination, employees are paid for all accumulated vacation leave and one-half of unused sick time accrued by employees prior to November 9, 1993. Payment for accrued sick time will be based on the employee's rate of pay on November 9, 1993. Employees are not paid for sick time earned after November 9, 1993. Personal hours are not paid to employees upon termination.

l) Allocation of Expenditures

The Association allocates all general and administrative costs to the various programs based upon total expenditures before the allocation in each department at the end of its fiscal year.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Income Taxes

The Association is a non-profit organization and is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

The Association's policies provide for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in the Association's financial statements. It requires the Association to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. Tax years ended June 30, 2016 and later remain subject to examination by the taxing authorities. As of June 30, 2019, management of the Association believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

n) Fund Equity

Government-wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. As of June 30, 2019, the Association had no outstanding borrowings.
- b. Restricted net position - Consists of assets less liabilities (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Association's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Fund Equity (Continued)

Fund Financial Statements:

Governmental fund balances are classified as follows:

- a. Non-spendable - Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted - Amounts for which constraints have been placed on the use by externally imposed donors, grantors, creditors or government laws and regulations, or imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Association's Board of Directors.
- d. Assigned - Amounts that are constrained by the Association's intent to be used for a specific purpose but do not meet the criteria for restricted or committed. Assigned amounts may be established, modified or removed by majority vote of the Board of Directors or by the Chief Financial Officer under the authorization of the Executive Director.
- e. Unassigned - All other spendable amounts.

For the classification of governmental fund balances, the Association considers an expenditure to be made from the most restrictive first when more than one classification is available. Committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred from purposes for which amount in any of those unrestricted fund balance classifications could be used.

The Association's fund balance was classified as non-spendable, committed, assigned and unassigned as of June 30, 2019.

Assigned for subsequent year's expenditures are amounts in next year's budget that represents deficiencies of revenues over expenditures. Other assignments are made for specific indicated purposes included in the title and require a Board of Directors' appropriation in subsequent years.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements

During the year ending June 30, 2019, the Association implemented the following GASB Statements:

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. This statement did not affect the Association's financial statements.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The statement clarifies which liabilities governments should include when disclosing information related to debt. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 30, 2018. This statement did not affect the Association's financial statements.

The GASB has issued the following statements which will become effective in future years as shown below:

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*" establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5 through 22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

activity or enterprise fund. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 90, "*Majority Equity Interest*" the primary objectives of this statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this statement are effective for reporting period beginning after December 15, 2018. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 91, "*Conduit Debt Obligations*" provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this statement on the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investments contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits:

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

The balances of deposits as of June 30, 2019 are as follows:

	Bank Balance	Reported Amount
Cash	\$2,396,996	\$2,389,322
Certificates of Deposit	2,500,000	2,500,000
Totals	\$4,896,996	\$4,889,322

Custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be returned to it. The Association has a written policy for custodial credit risk. As of June 30, 2019, \$4,015,546 of the Association's bank balances of \$4,896,996 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the Association's name by state statutes.

As of June 30, 2019, cash and certificates of deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Association. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits: (Continued)

deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Association to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and LAMP.

As a means of limiting its exposure to fair value losses arising from interest rates, the Association's investment policy limits investments to securities with less than six months from the date of purchase unless the investment is matched to a specific cash flow.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association's investment policy requires the application of the prudent-person rule. The policy states, investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of such funds in an effort to minimize risk while earning maximum returns. The Association's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAA.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Association will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of June 30, 2019 amounted to \$9,542,827 and are included on the Statement of Net Position as "cash equivalents."

A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

Cash on hand	\$ 3,551
Reported amount of deposits	4,889,322
Reported amount of investments	<u>9,542,827</u>
Total	<u>\$ 14,435,700</u>
Cash and cash equivalents	\$ 11,935,700
Investments	<u>2,500,000</u>
Total	<u>\$ 14,435,700</u>

Note 3 - FUNDING POLICIES

The Association receives federal and state funding on a per diem per individual served/unit basis and on a reimbursement for services performed. Funding from the Office of Citizens with Developmental Disabilities (adult care) is received on a per diem/unit basis. In addition, the Association performs prescribed habilitation services and residential care and housing services (charges for services) for assigned rates by Title XIX passed through the Office of Family Security.

The Association receives contributions from the Parish. Monies from the Parish are from a 5.33 mill parish-wide ad valorem tax for the purpose of operating, maintaining and constructing facilities for the people with intellectual and other developmental disabilities. Funding from the Parish is included in intergovernmental revenue and amounted to \$4,837,077 net of \$39,923 withheld by the Parish for administrative expenses, during the year ended June 30, 2019. The Association receives its funding from the Parish subject to the terms of a contract which requires the Association to follow certain state laws generally limited to local governments. The contract term is for as long as the Parish collects the ad valorem tax, which is currently through 2027.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of June 30, 2019 consisted of the following:

State of Louisiana -	
Department of Health:	
Office of Family Security:	
Title XIX - Per Diem	\$106,528
Office for Citizens with	
Developmental Disabilities:	
Adult Habilitation	206,749
Independent Apartment Living	10,300
Respite	<u>107,455</u>
Total	<u>\$431,032</u>

Note 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 478,615	\$ -	\$ -	\$ 478,615
Construction in progress	1,203,014	180,532	(1,279,867)	103,679
Total capital assets not being depreciated	1,681,629	180,532	(1,279,867)	582,294
Capital assets being depreciated:				
Buildings	8,276,955	1,319,583	-	9,596,538
Office furniture, equipment, and fixtures	1,385,452	217,944	(91,790)	1,511,606
Machinery and equipment	1,733,235	165,609	(19,182)	1,879,662
Total capital assets being depreciated	11,395,642	1,703,136	(110,972)	12,987,806
Less accumulated depreciation for:				
Buildings	(3,872,891)	(286,507)	-	(4,159,398)
Office furniture, equipment, and fixtures	(1,000,184)	(79,557)	82,421	(997,320)
Machinery and equipment	(1,210,707)	(167,822)	19,182	(1,359,347)
Total accumulated depreciation	(6,083,782)	(533,886)	101,603	(6,516,065)
Total capital assets being depreciated, net	5,311,860	1,169,250	(9,369)	6,471,741
Total capital assets, net	\$6,993,489	\$1,349,782	\$(1,289,236)	\$7,054,035

Depreciation expense for the year ended June 30, 2019 was charged to the following governmental activities:

Governmental Activity	
Administrative	\$170,509
Adult Workshop	292,250
Residential	71,127
Total	\$533,886

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures as of June 30, 2019 consisted of the following:

Vendors	\$ 99,004
Salaries and benefits	<u>316,075</u>
Total	<u>\$415,079</u>

Note 7 - LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations of the Association for the year ended June 30, 2019:

Long-term obligations, July 1, 2018	\$184,203
Net increase in accumulated unpaid vacation and sick leave	<u>18,944</u>
Long-term obligations, June 30, 2019	<u>\$203,147</u>

Note 8 - RISK MANAGEMENT

The Association is exposed to various risks of loss related to group health benefits; workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Association carries commercial insurance. No settlements were made during the year that exceeded the Association's insurance coverage.

Note 9 - RETIREMENT PLAN

The Association established a Cash or Deferred Profit-Sharing Plan (the Plan), under Internal Revenue Code Section 403 (b), for its eligible employees as of January 1, 1994. The Plan is administered by the Association.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Association's Board of Directors. Under this plan participating employees are permitted to make elective deferrals of their compensation that is within the limits of Code Sections 403 (b) and 402 (g) from 1% to 20% of compensation. The Association will match a discretionary amount equal to 50% of the amount contributed, not to exceed 8% of employee compensation. For the year ended June 30, 2019, employee contributions totaled \$193,464 and the Association recognized a pension expense of \$90,060.

Employees are fully vested immediately upon participating in the Plan.

Note 10 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended June 30, 2019.

Note 11 - ECONOMIC DEPENDENCY

The Association receives federal and state funding on a per diem per client/unit basis. Federal and state matching funds from the Department of Health and Human Services, passed through the Louisiana State Department of Health Office for Citizens with Developmental Disabilities and Office of Family Security, Medical Assistance Program - Medicaid/Title XIX are on a per diem basis. These payments, reported as residential and habilitation services, are considered a payment for a service as opposed to a grant award. If significant budget cuts are made at the federal or state level the amount of services the Association performs could be reduced and declines in revenues would have an adverse impact on operations.

Note 12 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 20, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION SECTION

DEPARTMENTS

Terrebonne ARC

June 30, 2019

Operating - To account for and report all financial resources used to provide for the needs of individuals with intellectual and other developmental disabilities except those accounted for in another department.

Adult Workshop - To account for and report various day programs for individuals with intellectual and other developmental disabilities.

Respite/Personal Care Attendant - To account for and report the care of persons served on a temporary basis.

Supervised Independent Living - To account for and report on persons served with daily living needs.

Dixie Community Home - To account for and report the needs of the residents of the Dixie Community Home.

Wellington Community Home - To account for and report the needs of the residents of the Wellington Community Home.

Lillian Marie Community Home - To account for and report the needs of the residents of the Lillian Marie Community Home.

COMBINING GOVERNMENTAL FUND
BALANCE SHEET - GENERAL FUND DEPARTMENTS

Terrebonne ARC

June 30, 2019

	Operating	Adult Workshop
Assets		
Cash and cash equivalents	\$ 11,932,849	\$ 2,101
Investments	2,500,000	-
Receivables:		
Accounts	2,734	24,461
Other	22,403	7,010
Due from other governmental units	-	206,809
Due from/(to) other departments	200,447	(41,327)
Inventories	10,058	110,668
Prepaid insurance	2,601	5,304
Deposits	540	4,729
	\$ 14,671,632	\$ 319,755
Liabilities		
Accounts payable and accrued expenditures	\$ 136,122	\$ 209,087
Fund Balance		
Nonspendable:		
Inventories	10,058	110,668
Prepaid insurance	9,472	-
Committed:		
Dedicated emergencies and contingency fund	6,656,108	-
Assigned:		
Subsequent years' expenditures next year's budgeted deficit	3,900,536	-
Donations	313,561	-
Unassigned	3,645,775	-
Total fund balance	14,535,510	110,668
Total liabilities and fund balance	\$ 14,671,632	\$ 319,755

Schedule 1

<u>Respite/ Personal Care Attendant</u>	<u>Supervised Independent Living</u>	<u>Dixie Community Home</u>	<u>Wellington Community Home</u>	<u>Lillian Marie Community Home</u>	<u>Totals</u>
\$ -	\$ -	\$ 150	\$ 300	\$ 300	\$ 11,935,700
-	-	-	-	-	2,500,000
-	-	-	-	-	27,195
495	717	180	134	419	31,358
107,455	10,300	75,075	21,773	9,620	431,032
(81,666)	(5,510)	(58,450)	(12,698)	(796)	-
-	-	-	-	-	120,726
-	-	514	514	539	9,472
-	-	80	110	315	5,774
<u>\$ 26,284</u>	<u>\$ 5,507</u>	<u>\$ 17,549</u>	<u>\$ 10,133</u>	<u>\$ 10,397</u>	<u>\$ 15,061,257</u>
<u>\$ 26,284</u>	<u>\$ 5,507</u>	<u>\$ 17,549</u>	<u>\$ 10,133</u>	<u>\$ 10,397</u>	<u>\$ 415,079</u>
-	-	-	-	-	120,726
-	-	-	-	-	9,472
-	-	-	-	-	6,656,108
-	-	-	-	-	3,900,536
-	-	-	-	-	313,561
-	-	-	-	-	3,645,775
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,646,178</u>
<u>\$ 26,284</u>	<u>\$ 5,507</u>	<u>\$ 17,549</u>	<u>\$ 10,133</u>	<u>\$ 10,397</u>	<u>\$ 15,061,257</u>

**COMBINING STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GENERAL FUND DEPARTMENTS**

Terrebonne ARC

For the year ended June 30, 2019

	<u>Operating</u>	<u>Adult Workshop</u>
Revenues		
Intergovernmental:		
Terrebonne Parish		
Consolidated Government	\$ 4,837,077	\$ -
State of Louisiana:		
Department of Transportation	146,874	-
Other	2,608	-
Charges for services	56,845	2,965,989
Grants	-	4,500
Miscellaneous:		
Interest	253,682	-
Donations and dues	42,233	840
Other	27,126	325
Total revenues	<u>5,366,445</u>	<u>2,971,654</u>
Expenditures		
Health and welfare:		
Current:		
Personal services	2,122,427	3,555,280
Supplies and materials	127,483	232,825
Other services and charges	324,814	564,590
Repairs and maintenance	159,522	84,012
Central administration and services	(2,492,688)	1,709,666
Capital outlay	155,171	393,562
Total expenditures	<u>396,729</u>	<u>6,539,935</u>
Excess (deficiency) of revenues over expenditures (carry forward)	<u>4,969,716</u>	<u>(3,568,281)</u>

Schedule 2

Respite/ Personal Care Attendant	Supervised Independent Living	Dixie Community Home	Wellington Community Home	Lillian Marie Community Home	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,837,077
-	-	-	-	-	146,874
-	-	-	-	-	2,608
706,223	57,246	373,533	266,409	330,095	4,756,340
-	-	-	-	-	4,500
-	-	-	-	-	253,682
-	-	-	-	-	43,073
-	9,385	-	-	-	36,836
<u>706,223</u>	<u>66,631</u>	<u>373,533</u>	<u>266,409</u>	<u>330,095</u>	<u>10,080,990</u>
593,323	117,713	246,118	133,090	135,360	6,903,311
2,971	500	13,387	20,034	18,881	416,081
27,823	10,084	61,442	49,857	59,055	1,097,665
4,175	137	3,146	5,021	3,784	259,797
326,692	66,781	168,517	108,154	112,878	-
5,491	-	5,575	-	44,001	603,800
<u>960,475</u>	<u>195,215</u>	<u>498,185</u>	<u>316,156</u>	<u>373,959</u>	<u>9,280,654</u>
<u>(254,252)</u>	<u>(128,584)</u>	<u>(124,652)</u>	<u>(49,747)</u>	<u>(43,864)</u>	<u>800,336</u>

	<u>Operating</u>	<u>Adult Workshop</u>
Excess (deficiency) of revenues over expenditures (brought forward)	<u>4,969,716</u>	<u>(3,568,281)</u>
Other Financing Sources (Uses)		
Operating transfers in:		
Operating	-	3,077,988
Dixie Community Home	-	186,991
Wellington Community Home	-	141,751
Lillian Marie Community Home	-	173,145
Operating transfers out:		
Adult Workshop	(3,077,988)	-
Respite/Personal Care Attendant	(254,252)	-
Supervised Independent Living	(128,584)	-
Dixie Community Home	(311,643)	-
Wellington Community Home	(191,498)	-
Lillian Marie Community Home	(217,009)	-
Total other financing sources (uses)	<u>(4,180,974)</u>	<u>3,579,875</u>
Net Change in Fund Balances	788,742	11,594
Fund Balance		
Beginning of year	<u>13,746,768</u>	<u>99,074</u>
End of year	<u>\$ 14,535,510</u>	<u>\$ 110,668</u>

**Schedule 2
(Continued)**

Respite/ Personal Care Attendant	Supervised Independent Living	Dixie Community Home	Wellington Community Home	Lillian Marie Community Home	Totals
<u>(254,252)</u>	<u>(128,584)</u>	<u>(124,652)</u>	<u>(49,747)</u>	<u>(43,864)</u>	<u>800,336</u>
254,252	128,584	311,643	191,498	217,009	4,180,974
-	-	-	-	-	186,991
-	-	-	-	-	141,751
-	-	-	-	-	173,145
-	-	(186,991)	(141,751)	(173,145)	(3,579,875)
-	-	-	-	-	(254,252)
-	-	-	-	-	(128,584)
-	-	-	-	-	(311,643)
-	-	-	-	-	(191,498)
-	-	-	-	-	(217,009)
<u>254,252</u>	<u>128,584</u>	<u>124,652</u>	<u>49,747</u>	<u>43,864</u>	<u>-</u>
-	-	-	-	-	800,336
-	-	-	-	-	<u>13,845,842</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,646,178</u>

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Terrebonne ARC

For the year ended June 30, 2019

Agency Head Name: Mary Lynn Bisland, Executive Director

Purpose

Salary	\$ 140,033
Benefits - insurance	16,756
Benefits - retirement	5,606
Benefits - other	982
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	126
Membership fees	-
Registration fees	90
Conference travel	1,304
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	\$ 164,897
	<hr/>

Note: Mary Lynn Bisland is the Executive Director and functions as the Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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**

To the Board of Directors,
Terrebonne ARC,
Houma, 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 Terrebonne ARC (the "Association"), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2019, which collectively comprise the Association's financial statements and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association'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 the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Association'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 are 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 the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Association'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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 20, 2019.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne ARC

For the year ended June 30, 2019

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit for the year ended June 30, 2018.

No significant deficiencies were reported during the audit for the year ended June 30, 2018.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2018.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne ARC did not expend federal awards in excess of \$750,000 during the year ended June 30, 2018 and therefore is exempt from the audit requirements under a single audit under *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2018.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne ARC

For the year ended June 30, 2019

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit for the year ended June 30, 2019.

No significant deficiencies were reported during the audit for the year ended June 30, 2019.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2019.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne ARC did not expend federal awards in excess of \$750,000 during the year ended June 30, 2018 and therefore is exempt from the audit requirements under a single audit under *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2019.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors,
Terrebonne ARC,
Houma, Louisiana.

We have performed the procedures described in Schedule 4, which were agreed to by the Terrebonne ARC (the "Association") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2019. The Association's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 4.

We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
December 20, 2019.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Terrebonne ARC

For the year ended June 30, 2019

The required procedures and our findings are as follows:

Procedures performed on the Association's written policies and procedures:

1. Obtain and inspect the Association's written policies and procedures and observe that they address each of the following categories and subcategories.
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing, and found it to address all the functions listed above, except as noted below.
Exceptions: Management's policy on budgeting does not include a provision for adding vendors to the vendor list.
 - c) Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

Procedures performed on the Association's written policies and procedures: (Continued)

- d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Performance: Obtained and read the written policy for receipts, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- e) Payroll/Personnel, including (1) payroll processing; and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Performance: Obtained and read the written policy for payroll and personnel, and found it to address all the functions listed above, except as noted below.

Exceptions: Management's policy on payroll/personnel does not include provisions for processing, reviewing and approving time worked.

- f) Contracting, including (1) types of services requiring written contracts; (2) standard terms and conditions; (3) legal review; (4) approval process; and (5) monitoring process.

Performance: Obtained and read the written policy for contracting, and found it to address all functions listed above, except as noted below.

Exceptions: Management's policy on contracts does not include a provision for approving contracts.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled; (2) allowable business uses; (3) documentation requirements; (4) required approvers of statements; and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Performance: Inquired of management as to a credit card policy.

Exceptions: Management confirmed there is no policy on credit cards.

- h) Travel and Expense Reimbursement, including (1) allowable expenses; (2) dollar thresholds by category of expense; (3) documentation requirements; and (4) required approvers.

Performance: Obtained and read the written policy for travel and expense reimbursement, and found it to address all functions listed above, except as noted below.

Exceptions: Management's policy on travel and expense reimbursements does not include dollar thresholds by expense categories.

Procedures performed on the Association's written policies and procedures: (Continued)

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121; (2) actions to be taken if an ethics violation takes place; (3) system to monitor possible ethics violations; and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Association's ethics policy.

Performance: Obtained and read the written policy for ethics, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

- j) Debt Service, including (1) debt issuance approval; (2) continuing disclosure/EMMA reporting requirements; (3) debt reserve requirements; and (4) debt service requirements.

Performance: This procedure is not applicable since the Association is a not-for-profit entity.

- k) Disaster Recovery/Business Continuity, including (1) identification of critical date and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after critical event.

Performance: Inquired of management about the existence of a policy for disaster recovery/business continuity.

Exceptions: The Association does not have a disaster recovery/business continuity policy.

Procedures performed on the Association's board:

- 2. Obtain and review the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:

- a) Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of board and committee meetings.

The Association's board meets every month.

Exceptions: There were no exceptions noted.

Procedures performed on the Association's board: (Continued)

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Obtained and read the written minutes of the board meetings. The meeting minutes referenced the approval of monthly financial statements as well as the presentation of budget-to-actual comparisons.

Exceptions: There were no exceptions noted.

- c) Obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Performance: Obtained the prior year's audit report and observed the unrestricted fund balance in the general fund. The Association did not report a negative ending unrestricted fund balance.

Exceptions: There were no exceptions noted.

Procedures performed on the Association's bank reconciliations:

3. Obtain a listing of the Association's bank accounts from management and management's representation that the listing is complete. Management will identify the main operating account. Select the Association's main operating account and select four additional accounts (or all accounts if less than 5). Select 1 month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Performance: Observed that bank reconciliations were prepared within two months of the related statement closing date.

Exceptions: There were no exceptions noted.

- b) Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and.

Performance: Observed that a member of management reviewed each bank reconciliation.

Exceptions: There were no exceptions noted.

Procedures performed on the Association's bank reconciliations: (Continued)

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Performance: Inspected documents for items outstanding for more than 12 months from the statement closing date.

Exceptions: There were no exceptions noted.

Procedures performed on the Association's collections:

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Select five deposit sites (or all deposit sites if less than five).

Performance: Obtained the listing of deposit sites from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Select one collection location for each deposit site (i.e., collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manuals and inquired of management as to whether employees do not share cash drawers/registers.

Exceptions: Employees that are responsible for cash collections share the same cash register as the other employees.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Performance: Inspected policy manuals and inquired of management as to whether employees collecting cash are not responsible for making deposits.

Exceptions: Employees that are responsible for collecting cash are responsible for preparing/making bank deposits.

Procedures performed on the Association's collections: (Continued)

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash do not make general ledger postings.

Exceptions: There were no exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash do not make general ledger postings.

Exceptions: There were no exceptions noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Performance: Obtained a listing of all employees who have access to cash covered bond or insurance policy for theft.

Exceptions: There were no exceptions noted.

7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Procedures performed on the Association's bank reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the ten deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the ten selected deposits and observed that receipts were sequentially pre-numbered

Exceptions: There were no exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

Procedures performed on the Association's collections: (Continued)

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).

Performance: Observed that the deposit was made within one business day of receipt.
Exceptions: There were no exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Traced the actual deposit per the bank statement to the general ledger.
Exceptions: There were no exceptions noted.

Procedures performed on the Association's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases):

- 8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select five locations (or all locations if less than five).

Performance: Obtained the listing of locations that process payments, and received management's representation in a separate letter. The Association only has one location that processes payments.

Exceptions: There were no exceptions noted.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the Association has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Procedures performed on the Association's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)

- c) The employees responsible for processing payments are prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: The Accounts Payable Clerk is responsible for adding vendors to the system as well as processing payments.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Inspected policy manuals and inquired of management duties of mailing signed checks.

Exceptions: The Accounts Payable Clerk is responsible for mailing payments, as well as processing payments.

10. For each location selected under #8 above, obtain the Association's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Select five disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

Performance: Observed that the checks and the related original invoices/billing statements were in agreement.

Exceptions: There were no exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: Obtained the disbursement documentation and observed for proper segregation of duties as listed under #9 above.

Exceptions: There were no exceptions noted.

Procedures performed on the Association's credit cards, debit cards, fuel cards, P-cards:

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards ("cards") for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing not required in the current year.

12. Using the listing prepared by management, select five cards (or all cards if less than five) that were used during the fiscal period, rotating cards each year. Select one monthly statement or combined statement for each card (for a debit card, select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing not required in the current year.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing not required in the current year.

13. Using the monthly statements or combined statement selected under #12 above, excluding fuel cards, select ten transactions (or all transaction if less than ten) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have ten transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased.

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing not required in the current year.

- 2) Written documentation of the business/public purpose.

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing not required in the current year.

**Procedures performed on the Association's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

- 3) Documentation of the individuals participating in meals (for meal charges only).

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing not required in the current year.

Procedures performed on the Association's travel and travel-related expense reimbursements:

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing not required in the current year.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing not required in the current year.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing not required in the current year.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing not required in the current year.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing not required in the current year.

Procedures performed on the Association's contracts:

15. Obtain a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Select five contracts (or all contracts if less than five) from the listing, and:

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing not required in the current year.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing not required in the current year.

- b) Observe that the contract was approved by the governing body/of the Association if required by policy or law.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing not required in the current year.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing not required in the current year.

- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing not required in the current year.

Procedures performed on the Association's payroll and personnel:

16. Obtain a listing of employees (and elected officials, if applicable) during the fiscal period and management's representation that the listing is complete. Select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

Procedures performed on the Association's payroll and personnel: (Continued)

17. Select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

- c) Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

18. Obtain from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

19. Obtain management's representation that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

Procedure performed on the Association's ethics:

20. Using the five selected employees/officials, obtain ethics compliance documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Performance: The Association is required to follow the state ethics laws by contract with TPCG. Inspected personnel files for the five selected employees.

Exceptions: No exceptions noted.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the Association's ethics policy during the fiscal period.

Performance: Inquired of management of any documentation to demonstrate that each employee/official attested through signature verification that he or she has read the Association's ethics policy during the fiscal period.

Exceptions: The Association requires signature verification upon hire; signature verification was provided for one of the selected employees upon hire during the fiscal period. There was no documentation for the remaining four selected employees that each attested through signature verification that he/she has read the Association's ethics policy during the fiscal period.

Procedures performed on the Association's debt service:

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond District approval was obtained for each bond/note issued.

Performance: Prior year testing resulted in no exceptions related to debt service. Therefore, testing not required in the current year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Performance: Prior year testing resulted in no exceptions related to debt service. Therefore, testing not required in the current year.

Other procedures performed on the Association:

23. Obtain a listing of misappropriations of public funds or assets during the fiscal period, and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Association reported the misappropriation(s) to the legislative auditor and the Association attorney of the parish in which the Association is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets.
Exceptions: There were no exceptions noted.

24. Observe and report whether the Association has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and observed such notice posted on the premises.
Exceptions: There were no exceptions noted.

Management's Overall Response to Exceptions:

1. As a response to exception reported at 1b), management will consider adding a provision discussing how vendors are added to the vendor list.
2. As a response to exception reported at 1e), management will consider adding provisions discussing how payroll is processed and procedures for reviewing and approving time worked.
3. As a response to exception reported at 1f), management will consider adding a provision discussing the approval process for the contracts entered into by the Association.
4. As a response to exception reported at 1g), management will consider drafting a credit card policy.
5. As a response to exception reported at 1h), management will consider adding dollar thresholds by category of expense.
6. As a response to exception reported at 1k), management will consider drafting a disaster recovery/business continuity policy.
7. As a response to exception reported at 5a), due to the cost benefit relationship, the cost of providing separate cash registers to each employee outweighs the benefit to the Association. However, management will make an effort to limit the use of the cash register to one employee at each location per day.

Management's Overall Responses to Exceptions: (Continued)

8. As a response to exception reported at 5b), due to the cost benefit relationship, the cost of providing an additional employee to make deposits at each of these locations outweighs the benefit to the Association.
9. As a response to exception reported at 9c), management will consider an improved process for adding vendors to the system.
10. As a response to exception reported at 9d), management will consider an improved process for adding vendors to the system.
11. As a response to exception reported at 11b), management will require each employee/official to attest annually through signature verification that he or she has read the Association's ethics policy during the fiscal period.