

**CLAIRE HOUSE**

**FINANCIAL REPORT**

For the Year Ended June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

Mr. David Hanagriff, Parish President  
Claire House  
Morgan City, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of Claire House, a program of the St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Claire House's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Claire House, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Claire House and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Claire House's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter; see 'Emphasis of Matter' paragraph below.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Claire House's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Claire House's ability to continue as a going concern for a reasonable period of time; see 'Emphasis of Matter' paragraph below.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Emphasis of Matter***

As described in Note 11 to the financial statements, effective July 1, 2022, Claire House's operations were transferred from the St. Mary Parish Council to Odyssey House Louisiana, Inc. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Claire House's basic financial statements. The accompanying Budgetary Comparison Schedule and the Schedule of Compensation, Benefits, and Other Payments to Program Director are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule and the Schedule of Compensation, Benefits, and Other Payments to Program Director are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Insurance in Force but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of Claire House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Claire House's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Claire House's internal control over financial reporting and compliance.

## ***Darnall, Sikes & Frederick***

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana  
December 28, 2022

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CLAIRE HOUSE

Statement of Net Position  
June 30, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Petty cash	\$ 200
Due from State of Louisiana	61,105
Due from others	<u>8,022</u>
Total current assets	69,327
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>30,044</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 99,371</u></u>
<b>LIABILITIES</b>	
Liabilities	
Accounts payable	\$ 9,994
Due to St. Mary Parish Council	<u>120,536</u>
Total liabilities	130,530
<b>NET POSITION</b>	
Net investment in capital assets	30,044
Unrestricted	<u>(61,203)</u>
Total net position	<u>(31,159)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 99,371</u></u>

The accompanying notes are an integral part of this statement.



CLAIRE HOUSE

Statement of Activities  
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Operating Grants and Contributions	Governmental Activities	Revenue and Changes in Net Position
Governmental activities:				
Health and Welfare	\$ 578,280	\$ 393,965		\$ (184,315)
General Revenues:				
				8,021
				(176,294)
				145,135
				<u>\$ (31,159)</u>

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

CLAIRE HOUSE

Balance Sheet – Governmental Fund  
June 30, 2022

	<u>General Fund</u>
<b>ASSETS</b>	
Petty cash	\$ 200
Due from State of Louisiana	61,105
Due from others	<u>8,022</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 69,327</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable	\$ 9,994
Due to St. Mary Parish Council	<u>120,536</u>
<b>TOTAL LIABILITIES</b>	<b>130,530</b>
Fund balance	
Unassigned	<u>(61,203)</u>
<b>TOTAL FUND BALANCE</b>	<b><u>(61,203)</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 69,327</u></b>

The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
June 30, 2022

Total fund balance - governmental fund	\$ (61,203)
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	<u>30,044</u>
Total net position - governmental activities	<u>\$ (31,159)</u>

The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Statement of Revenues, Expenditures, and Changes in  
Fund Balance – Governmental Fund  
For the Year Ended June 30, 2022

	<u>General Fund</u>
Revenues	
Federal grants	\$ 393,965
Other income	<u>8,021</u>
Total revenues	401,986
Expenditures	
Current -	
Health and welfare	
Operating services	157,185
Personal services and benefits	399,626
Professional services	3,051
Supplies	<u>10,586</u>
Total expenditures	<u>570,448</u>
Net change in fund balance	(168,462)
Fund balance, beginning	<u>107,259</u>
Fund balance, ending	<u>\$ (61,203)</u>

The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balance of Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2022

Net change in fund balance - governmental fund \$ (168,462)

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

Governmental fund reports capital outlays as expenditures, however,  
in the Statement of Activities, the cost of those assets is allocated  
over their useful lives and reported as depreciation expense. This  
is the amount of capital outlay in excess of depreciation in the  
current period. (13,712)

Payments of compensated absences is an expenditure  
in the governmental fund, but these payments reduce  
liabilities in the Statement of Net Position. 5,880

Change in net position of governmental activities \$ (176,294)

The accompanying notes are an integral part of this statement.

# CLAIRE HOUSE

## Notes to the Financial Statements

### INTRODUCTION

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

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of certain significant accounting policies:

#### Financial Reporting Entity

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

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

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

# CLAIRE HOUSE

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### Basis of Presentation

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

#### Government-Wide Financial Statements

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

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

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

#### Fund Financial Statements

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

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

#### Governmental Fund Type

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



# CLAIRE HOUSE

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Measurement Focus and Basis of Accounting

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

#### Government-wide Financial Statements

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

#### Fund Financial Statements

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

#### Use of Estimates

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

#### Budget

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

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

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

Capital Assets

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Vacation and Sick Leave

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used. The maximum amount of vacation days that can be carried over is 10 work days but only upon written approval by the Chief Administrative Officer and must be taken by the employee within 45 days. Sick leave shall be earned at the rate of one day per month up to 12 days per year. An employee cannot accrue more than 120 days of sick leave. Upon

# CLAIRE HOUSE

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

termination an employee is compensated for accumulated vacation time. Employees are not compensated for sick time unless termination is due to normal retirement. Normal retirement is when the employee meets the required qualifications to retire from the Parochial Employees' Retirement System of Louisiana.

#### Equity Classifications

##### Government-wide Financial Statements

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

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

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

#### Fund Financial Statements

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

#### Change in Accounting Principles

For the year ended June 30, 2022, Claire House implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. 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. As of June 30, 2022, Claire House did not have any leases beyond year end. This pronouncement did not have an effect on the net position as of June 30, 2022.

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 2 DUE FROM THE STATE OF LOUISIANA

As of June 30, 2022 the State of Louisiana owes Claire House \$61,105 as a result of amounts not yet received on their June per diem grant payments. This grant is based on a fee of \$105 per day for each adult and \$85 per day for each child. The original grant documentation stated that this amount was not to exceed an annual maximum of 7,517 billable days or a total maximum of \$579,363.

NOTE 3 DUE TO THE ST. MARY PARISH COUNCIL

The St. Mary Parish Council deposits all receipts and disburses all of Claire House's expenses out of the Parish Council's checking account. The amount due to the Parish Council is a result of the excess of Claire House's disbursements over deposits by \$120,536.

NOTE 4 ECONOMIC DEPENDENCE

Claire House currently receives 100% of its operating revenue through the federal agency, the Administration for Children and Families, Department of Health and Human Services. This grant is for temporary assistance for needy families. This grant is applied for on a year-to-year basis and Claire House is currently funded through June 30, 2022. With the loss of these revenues, which are year-to-year grant allocations, and not having any other grants to replace this loss, Claire House would not exist.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets being depreciated:				
Vehicles	\$ 112,673	\$ -	\$ -	\$ 112,673
Furniture	30,945	-	-	30,945
Equipment	50,400	-	-	50,400
Leasehold Improvements	<u>3,658</u>	<u>-</u>	<u>-</u>	<u>3,658</u>
Total capital assets being depreciated	197,676	-	-	197,676
Less accumulated depreciation for:				
Vehicles	89,819	10,893	-	100,712
Furniture	29,083	509	-	29,592
Equipment	34,596	2,127	-	36,723
Leasehold Improvements	<u>422</u>	<u>183</u>	<u>-</u>	<u>605</u>
Total accumulated depreciation	<u>153,920</u>	<u>13,712</u>	<u>-</u>	<u>167,632</u>
Capital assets, net	<u>\$ 43,756</u>	<u>\$ (13,712)</u>	<u>\$ -</u>	<u>\$ 30,044</u>

Depreciation for the year ended June 30, 2022 was \$13,712.

## CLAIRE HOUSE

### Notes to the Financial Statements

#### NOTE 6 PENSION PLAN

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

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

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

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

Covered employees are required by the State Legislature to contribute 9.50 percent of their gross salary to the plan. Claire House was required by the same statute to contribute 12.25 percent in 2020, 12.25 percent in 2021, and 11.50 percent in 2022 of each employee's gross salary to the plan. The contribution requirements of plan members and Claire House are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the fiscal year. Claire House's contributions to the System for the years ended June 30, 2022, 2021, and 2020 were \$29,826, \$33,727, and \$34,885, respectively, equal to the required contribution for each year.

## CLAIRE HOUSE

### Notes to the Financial Statements

#### NOTE 6 PENSION PLAN (CONTINUED)

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

#### NOTE 7 RELATED PARTIES

Claire House's operations are housed in a building owned by the St. Mary Parish Council. Claire House paid the Council rent of \$55,774 for the year ended June 30, 2022. This rental agreement is year-to-year on an annual basis. This rental agreement has been terminated effective July 1, 2022 as agreed to by both parties due to the Council ceasing operations of Claire House. See Note 11 Subsequent Events.

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

As described in Note 3, Claire House owed the council for the disbursements made for the benefit of Claire House in excess of their deposits out of the Council's checking account in the amount of \$120,536.

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

#### NOTE 8 FUND BALANCES

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

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

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

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

CLAIRE HOUSE

Notes to the Financial Statements

NOTE 8 FUND BALANCES (CONTINUED)

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

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

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

The following is a schedule of the deficit fund balance as of June 30, 2022:

	<u>General Fund</u>
Unassigned:	
Temporary Assistance for Needy Families	<u>\$ (61,203)</u>

The deficit fund balance is primarily a result of the excess of Claire House’s disbursements over deposits from St. Mary Parish Council previously described at Note 3. The deficit will be absorbed by the St. Mary Parish Council as described in Note 11.

NOTE 9 CHANGES IN COMPENSATED ABSENCES PAYABLE

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

	<u>Balance at July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2022</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 5,880</u>	<u>\$ -</u>	<u>\$ 5,880</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2022 the employees of Claire House did not accumulate any non-vested sick pay. A contingent liability will be recognized if and when the employees meet the normal retirement qualifications. No accrual is necessary for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used.

## CLAIRE HOUSE

### Notes to the Financial Statements

#### NOTE 10 RISK MANAGEMENT

Claire House is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claire House has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. Claire House is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended June 30, 2022. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

#### NOTE 11 SUBSEQUENT EVENTS

Claire House has evaluated subsequent events through December 28, 2022, the date the financial statements were available to be issued.

Effective July 1, 2022, the lease agreement with the St. Mary Parish Council was terminated. Claire House will remain at their current location that they were previously leasing from the Council. The property is under a Cooperative Endeavor Agreement with Odyssey House Louisiana, Inc. Odyssey House Louisiana, Inc. has taken over the management of Claire House effective July 1, 2022, and will no longer be considered a program of the St. Mary Parish Council.



**SUPPLEMENTARY INFORMATION**

CLAIRE HOUSE

Budgetary Comparison Schedule – General Fund  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Federal grants	\$ 579,363	\$ 579,363	\$ 393,965	\$ (185,398)
Other income	<u>-</u>	<u>-</u>	<u>8,021</u>	<u>8,021</u>
Total revenues	579,363	579,363	401,986	(177,377)
Expenditures				
Current -				
Health and welfare				
Operating services	148,700	148,700	157,185	(8,485)
Personal services and benefits	415,363	415,363	399,626	15,737
Professional services	3,000	3,000	3,051	(51)
Supplies	10,000	10,000	10,586	(586)
Capital outlay	<u>2,300</u>	<u>2,300</u>	<u>-</u>	<u>2,300</u>
Total expenditures	<u>579,363</u>	<u>579,363</u>	<u>570,448</u>	<u>8,915</u>
Net change in fund balance	-	-	(168,462)	(168,462)
Fund balance, beginning	<u>107,259</u>	<u>107,259</u>	<u>107,259</u>	<u>-</u>
Fund balance, ending	<u>\$ 107,259</u>	<u>\$ 107,259</u>	<u>\$ (61,203)</u>	<u>\$ (168,462)</u>

See independent auditor's report.

CLAIRE HOUSE

Schedule of Compensation, Benefits and Other Payments to Program Director  
For the Year Ended June 30, 2022

Program Director Name: Terry Foulcard (7/01/21-11/11/21)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,473
Total	<u>\$ 12,473</u>

Program Director Name: Sibyl Geeter (11/12/21-6/30/22)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 27,891
Benefits - insurance (health)	5,116
Benefits - insurance (life)	105
Benefits - insurance (disability)	212
Benefits - retirement	<u>3,250</u>
Total	<u>\$ 36,574</u>

See independent auditor's report.

CLAIRE HOUSE

Schedule of Insurance in Force  
For the Year Ended June 30, 2022  
(Unaudited)

<u>Insurer</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Expiration</u>
PGRMA Insurance	Workers' Compensation		7/15/2022
	By Each Accident	\$ 1,000,000	
	By Disease Policy Limit	\$ 1,000,000	
	By Disease Each Employee	\$ 1,000,000	
TDC Specialty Ins.	General Liability		7/15/2022
	General Aggregate	\$ 1,000,000	
	Products/Completed Oper. Aggr.	\$ 1,000,000	
	Personal & Advertising Injury	\$ 1,000,000	
	Each Occurrence	\$ 1,000,000	
	Damage to Rented Premises	\$ 50,000	
	Medical Expenses (Any one person)	\$ 5,000	
	Professional Liability		
	General Aggregate	\$ 1,000,000	
	Each Occurrence	\$ 1,000,000	
Markel Insurance	Accident and Health		
	General Aggregate	\$ 250,000	7/15/2022

See independent auditor's report.

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



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

Mr. David Hanagriff, Parish President  
Claire House  
Morgan City, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Claire House, a program of the St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Claire House's basic financial statements, and have issued our report thereon dated December 28, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

## ***Darnall, Sikes & Frederick***

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana  
December 28, 2022

CLAIRE HOUSE

Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 2022

There were no findings noted during the prior year audit.



CLAIRE HOUSE

Schedule of Findings and Responses  
For the Year Ended June 30, 2022

Part 1: Summary of Auditors' Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on the financial statements of Claire House's governmental activities and major fund as of and for the year ended June 30, 2022.

Deficiencies in Internal Control – Financial Reporting

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

Material Noncompliance – Financial Reporting

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

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2022.

MANAGEMENT LETTER

This section is not applicable for the fiscal year ended June 30, 2022.

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

There were no findings noted during the audit.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2022, Claire House did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

CLAIRE HOUSE

Management's Corrective Action Plan for Current Year Findings  
For the Year Ended June 30, 2022

There were no findings noted during the audit.

Louisiana Legislative Auditor’s Finding Template for Reporting Fraud and Misappropriations

AGENCY NAME: Claire House

FISCAL YEAR END: 6/30/2022

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	Potential misappropriation of TANF funds by billing after discharge from Claire House for both women and children for approximately \$218,000 from 2019-2021.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Receivables/ Revenues
3	The amount of funds or approximate value of assets involved.	\$218,000
4	The department or office in which the fraud or misappropriation occurred.	Claire House Treatment Center
5	The period of time over which the fraud or misappropriation occurred.	2019-2021
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Director/ employee
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Program Director and employee, no charges or formal proceedings to date. No litigation currently per District Attorney. No amounts collectible or set per St. Mary Parish Council. Matter has not been adjudicated.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	No longer employed. At time of employment, the individuals had no access to assets. All receipts sent from TANF to Parish Council.
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes

Louisiana Legislative Auditor’s Finding Template for Reporting Fraud and Misappropriations

AGENCY NAME: Claire House

FISCAL YEAR END: 6/30/2022

11	What is the status of the investigation at the date of the auditor’s/accountant’s report?	No open investigations per the District Attorney
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	N/A
13	What is the status of any related adjudication at the date of the auditor’s/accountant’s report?	N/A
14	Has restitution been made or has an insurance claim been filed?	N/A
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes
16	Did the agency’s internal controls allow the detection of the fraud or misappropriation in a timely manner?	No
17	If the answer to the last question is “no,” describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Oversight from the TANF office between the Claire House reporting system.
18	Management’s plan to ensure that the fraud or misappropriation does not occur in the future	TANF’s oversight recommended

\*\*\* Note: Other allegations were related to the Non-profit ‘Friends of Claire House’ which is not part of the Claire House financials/operations.