

Financial Report

Terrebonne ARC
Houma, Louisiana

June 30, 2024



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Terrebonne ARC Houma, Louisiana

June 30, 2024

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and General Fund of Terrebonne ARC (the "Association"), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Association'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 General Fund of the Association as of June 30, 2024 and the respective changes in net position and budgetary comparison for the General Fund 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 the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 the 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 the Association's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

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 opinion. 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 the Association'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, which raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an 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 inquires of 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association's basic financial statements. The accompanying Combining Governmental Fund Balance Sheet - General Fund Departments as of June 30, 2024, 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 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. This 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 information is fairly stated, in all material respects, in relation to the basic 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 6, 2024 on our consideration of Terrebonne ARC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 the Association'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 the Association's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 6, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne ARC Houma, Louisiana

June 30, 2024

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, 2024. 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, 2024 by \$30,017,475 (net position), which represents a 8.4% increase from last year. Of this amount, \$18,392,444 (unrestricted net position) may be used to meet the Association's ongoing obligations.
- Intergovernmental revenues decreased by \$68,607, or 1.3%, due to a decrease in the amount received from Terrebonne Parish Consolidated Government. Charges for service revenues decreased by \$149,334, or 2.6%, due to decreases in services provided and decreased occupancy for community homes. The Association received \$263,400 from the Louisiana Department of Health for Covid-19 bonus payments to Direct Service Workers/Professionals (DSW/DSP) based on a plan approved by the Centers for Medicare and Medicaid Services (CMS). The Association recognized \$2,336,729 in insurance settlement proceeds as a result of Hurricane Ida. Miscellaneous revenues increased by \$294,551, or 43.9%, primarily due to increases in interest earnings. Total revenues increased by \$1,590,303, or 12.5%.
- The Association's total expenses increased by \$945,924, or 8.6%. Personal services increased by \$588,684, or 7.9% due to increases in wages due to merit increases, increase in the cost of benefits and Louisiana Department of Health Covid-19 bonus payments to Direct Service Workers/Professionals (DSW/DSP) based on a plan approved by the Centers for Medicare and Medicaid Services (CMS). Supplies and materials decreased by \$31,633, or 4.3%, primarily due to a decrease in food and kitchen supply costs directly related to the decrease in sales at the Bayou Country Café. Other services and charges increased by \$426,033, or 23.8%, due to attorney fees associated with recovering insurance proceeds for damages caused by Hurricane Ida. Repairs and maintenance decreased by \$48,755, or 16.9%, due to costs in the prior year for damages caused by Hurricane Ida, demolition costs for the house on Jane Avenue and tree removal costs. Depreciation increased \$31,551, or 4.5%, due to only a partial year's depreciation in the prior year on the purchase of two new buildings and the purchase of a new vehicle and various equipment during the current year.

FINANCIAL HIGHLIGHTS (Continued)

- The Association's governmental fund reported that assets increased by \$2,476,115 or 14.9%, while total liabilities increased by \$29,841, or 8.9%. Assets exceeded liabilities as of June 30, 2024 by \$18,690,586 (fund balance) with an increase of \$2,446,274, or 15.1%. Of this over \$18 million in fund balance, \$178,932 is non-spendable, \$9,372,893 is committed for dedicated emergencies and contingencies, \$5,300,397 is assigned for next year's budget deficit and \$393,435 received from donations is assigned for designated expenditures. Unassigned fund balance amounted to \$3,444,929 as of June 30, 2024.

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, 2024, with comparative figures as of June 30, 2023:

	<u>Condensed Statement of Net Position</u>		Dollar Change	Total Percent Change
	June 30, 2024	2023		
Current and other assets	\$ 19,055,346	\$ 16,579,231	\$ 2,476,115	14.9%
Capital assets	11,625,031	11,752,366	(127,335)	-1.1%
Total assets	<u>30,680,377</u>	<u>28,331,597</u>	<u>2,348,780</u>	8.3%
Other liabilities	364,760	334,919	29,841	8.9%
Long-term liabilities	298,142	301,630	(3,488)	-1.2%
Total liabilities	<u>662,902</u>	<u>636,549</u>	<u>26,353</u>	4.1%
Net position:				
Net investment in capital assets	11,625,031	11,647,072	(22,041)	-0.2%
Unrestricted	18,392,444	16,047,976	2,344,468	14.6%
Total net position	<u>\$ 30,017,475</u>	<u>\$ 27,695,048</u>	<u>\$ 2,322,427</u>	8.4%

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

Approximately 38.7% of the Association's net position as of June 30, 2024, reflects the Association's net investment in capital assets (land, buildings, office furniture and machinery and equipment less accumulated depreciation and amortization). The Association uses these capital assets to provide services to individuals with intellectual and other developmental disabilities; consequently, these assets are not available for future spending. The remaining 61.3% of net position, referred to as unrestricted, may be used to meet the ongoing obligations of the Association.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the changes in net position for the year ended June 30, 2024, with comparative figures for the year ended June 30, 2023:

	<u>Condensed Statement of Activities</u>		Dollar Change	Total Percent Change
	For the years ended June 30,			
	<u>2024</u>	<u>2023</u>		
Revenues:				
Intergovernmental	\$ 5,058,625	\$ 5,127,232	\$ (68,607)	-1.3%
Charges for services	5,646,792	5,796,126	(149,334)	-2.6%
Grants	283,393	95,488	187,905	196.8%
Insurance proceeds	2,336,729	1,010,941	1,325,788	131.1%
Miscellaneous	966,247	671,696	294,551	43.9%
Total revenues	<u>14,291,786</u>	<u>12,701,483</u>	<u>1,590,303</u>	<u>12.5%</u>
Expenses:				
Health and welfare	<u>11,969,359</u>	<u>11,023,435</u>	<u>945,924</u>	<u>8.6%</u>
Change in net position	2,322,427	1,678,048	644,379	38.4%
Beginning net position	<u>27,695,048</u>	<u>26,017,000</u>	<u>1,678,048</u>	<u>6.4%</u>
Ending net position	<u>\$ 30,017,475</u>	<u>\$ 27,695,048</u>	<u>\$ 2,322,427</u>	<u>8.4%</u>

The Association's net position increased by \$2,322,427 during the current year, due to increases in interest revenue and insurance settlement proceeds from damages incurred as a result of Hurricane Ida.

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUND

Revenues for the Association's General Fund for the year ended June 30, 2024 were approximately \$12 million. There are four funding categories: intergovernmental (42.32%), charges for services (47.23%), grants (2.37%) and miscellaneous (8.08%). The largest single funding source is local funding from the Terrebonne Parish Consolidated Government, as described above, (intergovernmental category) at 42.28% of total revenues. Medicaid Waiver funds at 14.90%, Title XIX funds at 11.07%, and community work contracts at 19.18% are included in the charges for services category. Decreases in intergovernmental revenues were a result of a decrease in the amount received from Terrebonne Parish Consolidated Government.

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUND (Continued)

Decreases in charges for services revenue were a result of decreases in services provided and decreased occupancy and rates for community homes. Grant revenue includes \$263,400 received from the Louisiana Department of Health for Covid-19 bonus payments to Direct Service Workers/Professionals (DSW/DSP) based on a plan approved by the Centers for Medicare and Medicaid Services (CMS). The Association's miscellaneous revenues primarily increased due to increases in interest earnings.

General Fund expenditures were approximately \$12.0 million for the year ended June 30, 2024. The General Fund expenditures are comprised of capital outlay and four categories of expenditures classified as current expenditures. Since the Association is a provider of human services, the personal services category is the largest expense category at 68.0%. The other categories are supplies and materials at 5.9%, other services and charges at 18.7%, and repairs and maintenance at 2.0%. Capital outlay, which exhibits the most variance from year to year, represented 5.4% of total expenditures for the year ended June 30, 2024.

There was an increase in personal services costs this year due to increases in wages based on merit increases, increase in the cost of benefits and Louisiana Department of Health Covid-19 bonus payments to Direct Service Workers/Professionals (DSW/DSP) based on a plan approved by the Centers for Medicare and Medicaid Services (CMS). A decrease in supplies and materials due to decreases in food and kitchen supply costs directly related to the decrease in sales at the Bayou Country Café. Other services and charges increased due to attorney fees associated with recovering insurance proceeds for damages caused by Hurricane Ida. Repairs and maintenance decreased due to costs in the prior year for damages caused by Hurricane Ida, demolition costs for the house on Jane Avenue and tree removal costs. Capital outlay decreased due to the purchase of two new buildings, a new home, and new radios for all transportation vehicles in the prior year.

The Association received \$2,336,729 during the year ended June 30, 2024 in insurance settlement proceeds as a result of damages caused by Hurricane Ida.

The Association's financial position has improved over the past several years with an increase this year due to an excess of revenue over expenditures of \$2,446,274. Factors, which will affect the Association's results of future operations are 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 which will increase evacuation costs significantly.

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUND (Continued)

Departmental Analysis

General Operating Department

General Operating Department revenue increased due to an increase in interest earnings. Personal services costs increased due to the hiring of additional staff and increases in wages based on merit increases and increases in benefit costs. Supplies and materials costs increased primarily due to the increased prices for various supplies. Other services and charges increased due to attorney fees associated with recovering insurance settlement proceeds for damages caused by Hurricane Ida. Repairs and maintenance decreased due to costs in the prior year for damages caused by Hurricane Ida, demolition costs for the house on Jane Avenue and tree removal costs. Capital outlay costs decreased due to prior year purchases of a residential home to be rented by individuals in the Association's Supervised Independent Living program and new radios for all transportation vehicles.

Besides the administration of all programs, our General Operating Department includes transportation to and from work for adult individuals served throughout Terrebonne Parish. 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 a Registered Nurse (RN) and a Licensed Practical Nurse (LPN) who administer daily medications and handle emergency medical situations.

Adult Workshop Department

The Association's Adult Workshop Department revenues increased this year due to funds received from the Louisiana Department of Health (LDH) for Covid-19 bonus payments to Direct Service Workers/Professionals (DSW/DSP) based on a plan approved by the Centers for Medicare and Medicaid Services (CMS). Expenditures for personal services increased as a result of bonus payments to DSW/DSP's for LDH Covid-19 bonus payments, additional staffing needed to provide services for programs expanding, increases in wages based on merit increases, increase in benefit costs and additional wages earned by individuals participating in the Association's vocational programs. Supplies and materials decreased due to decreases in food and kitchen supply costs directly related to the decrease in sales at the Bayou Country Café. Other services and

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUND (Continued)

Departmental Analysis (Continued)

Adult Workshop Department (Continued)

charges decreased due to canceling flood insurance policies on all properties in the prior year and attorney fees in the prior year associated with recovering insurance proceeds for damages caused by Hurricane Ida. Repairs and maintenance decreased due to prior year costs for repairs related to damages caused by Hurricane Ida. Capital outlay expenses decreased due to the purchase of two buildings for the expansion of the Association's vocational programs in the prior year. Day habilitation services are provided through this department where individuals served receive community life engagement services and training and hands-on work experience in manufacturing and providing services for the community. The Options Plus program offers services to adults with intellectual and development disabilities that choose not to work. Employment services consists of training our individuals served to provide services and to work in a variety of different settings such as: salsa and pepper jelly production, Mardi Gras bead recycling, candy, screen printing, bakery, thrift store and restaurant. 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.

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 increased this year due to funds received from the Louisiana Department of Health (LDH) for Covid-19 bonus payments to Direct Service Workers/Professionals (DSW/DSP) based on a plan approved by the Centers for Medicare and Medicaid Services (CMS). Expenditures for personal services increased due to bonus payments to DSW/DSP's for LDH Covid-19 bonus payments. Supplies and materials and repairs and maintenance costs decreased due to costs associated with reopening the Respite program in the prior year. Other services and charges decreased due to attorney fees associated with recovering insurance proceeds for damages caused by Hurricane Ida in the prior year.

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUND (Continued)

Departmental Analysis (Continued)

Supervised Independent Living (SIL) Department

Supervised Independent Living provides assistance to individuals served with daily living. Revenue in the program decreased due to a decrease in the number of individuals served. Expenses in the program decreased primarily due to decreased salaries and benefit costs as a result of staff turnover.

Dixie Community Home Department

Dixie Community Home revenues increased due to an increase in occupancy. Expenditures for personal services decreased due to a decrease in wages and benefit costs due to staff turnover. Other expenses increased due to increases in the cost of food, repairs needed and the purchase of shutters, a camera system upgrade, and a new air conditioner.

Wellington Community Home Department

Wellington Community Home revenues decreased due to an additional dedicated program funding pool one-time, lump sum payment from Medicare in the prior year. Expenditures for personal services increased due to an increase in wages based on merit increases and the cost of benefits. Supply costs increased as a result of increases in the costs of food. Repair costs increased due to a major vehicle repair needed. Other services and charges decreased due to the cancellation of flood insurance and a decrease in the cost of utilities.

Lillian Marie Community Home Department

Lillian Marie Community Home revenues decreased due to a decrease in occupancy at the home, a lower reimbursement rate for a current occupant and an additional dedicated program funding pool one-time, lump sum payment from Medicare in the prior year. Expenditures for personal services decreased due to a decrease in benefit costs as a result of staff turnover. Supply costs increased as a result of increases in the costs of food. Repair costs increased due to major repairs needed to a vehicle, generator, and air conditioner.

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 a decrease in services provided to individuals served in the community, an increase in occupancy for the community homes, unanticipated grants and donations, insurance settlement proceeds received, an increase in investment earnings, proceeds from the sale of surplus assets and an increase in funding from Terrebonne Parish Consolidated Government. The budget amendment reflects an increase in personal services due to an increase in wages paid to individuals served and an increase in unemployment insurance due to an increase in rates based on claims experience. The budget amendment reflects a decrease in supplies and materials due to decreases in food and kitchen supplies needed for Bayou Country Café due to a decrease in sales and a decrease in fuel for the transportation of individuals served due to price fluctuations. The budget was also amended to reflect an increase in other services and charges due to travel expenses being more than anticipated and to include lease expenses for property at 200 Moffet Road. The budget amendment also includes attorney fees associated with recovering insurance settlement proceeds for damages caused by Hurricane Ida. The budget amendment reflects a decrease in repairs and maintenance due to significant repair costs being recorded as capital outlay. Capital outlay costs were increased for the costs associated with removing a vault door and sewer system upgrades at the thrift processing center. Capital outlay costs were also increased for the purchase of a vehicle for administration, three vehicles for transportation, new vans for each of the three community homes, security cameras for several buildings, and additional costs for the renovations and air conditioning upgrade at 200 Moffet Road. 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 \$1,579,587 from a deficit of \$4,638,191 to a deficit of \$3,058,604. This change was the result of an increase in revenues of \$458,069, a net increase in expenditures of \$1,215,190 and the addition of insurance settlement proceeds of \$2,336,708. There was a 5.6% favorable budget variance in revenues principally due to the ability to bill for additional transportation services, an increase in some billing rates, services provided being higher than anticipated, dividends received from the Louisiana Workers' Compensation Corporation and an increase in interest rates. Expenditures were less than budget by 29.2% since salaries are budgeted as being fully staffed when several positions were vacant for part of the year. Also, supplies, food and repair costs were less than anticipated. Several planned projects did not begin during the fiscal year and six vehicles being purchased through state contract were not received during the year. Various items budgeted as possible needs were not needed during the fiscal year. Consequently, the result of operations, which was projected as a deficit of approximately \$3.1 million, resulted in a surplus of \$2,446,274.

CAPITAL ASSET ADMINISTRATION

The Association's net investment in capital assets as of June 30, 2024 totaled \$11,625,031 (net of accumulated depreciation and amortization). 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 decrease of \$127,335, or approximately 1.1%, due to depreciation, amortization, and deletions exceeding capital additions.

CAPITAL ASSET ADMINISTRATION (Continued)**Capital Assets
(Net of depreciation)**

	June 30,		Dollar Change	Total Percent Change
	2024	2023		
Land	\$ 478,615	\$ 478,615	\$ -	0.0%
Construction in progress	168,672	7,962	160,710	2018.5%
Buildings	9,607,498	9,990,589	(383,091)	-3.8%
Office furniture, equipment, and fixtures	783,346	585,299	198,047	33.8%
Machinery and equipment	488,394	584,607	(96,213)	-16.5%
Right-of-use asset; building	98,506	105,294	(6,788)	-6.4%
Totals	<u>\$ 11,625,031</u>	<u>\$ 11,752,366</u>	<u>\$ (127,335)</u>	-1.1%

This year's capital improvements included the following:

Building and improvements	\$99,326
Computers/office equipment	\$315,084
Furniture	\$14,844
Vehicles	\$44,939
Construction in progress	\$172,500

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

Disposal of building and improvements	\$18,550
Disposal of computers/office equipment	\$122,464
Disposal of furniture	\$15,117
Disposal of machinery and equipment	\$1,484
Completed construction projects	\$11,790

The Association's fiscal year 2025 capital budget includes \$2,052,294 for capital expenditures, principally for the renovations to a building to relocate the screen printing business, additional equipment to expand the business, renovations to another building to relocate production of salsa and pepper jelly and equipment needed to automate the process. Capital expenditures also include the purchase of equipment for expansion in programs or replacement of old equipment; air conditioning replacements; three generators; sewer system upgrades; replacement of maintenance equipment; security cameras; and nine new vehicles.

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 2025 budget. These factors include any unusual conditions, one-time expenditures and changes in rates or fees that occurred during the 2024 fiscal year or whose effects are determinable at the time of budget preparations for the 2025 fiscal year. Accordingly, any possible Medicaid funding reductions or increased evacuation expenditures discussed on page 9 have not been incorporated into the budget for 2025.

Revenues and other sources for fiscal year 2025 are projected to be \$10,977,980, \$3,313,805 less than 2024. Budgeted expenditures are expected to rise approximately 37.42% from the year ended June 30, 2024 to \$16,278,377. The most significant increases are in personal services as a result of all positions being budgeted at full time status with pay increases and anticipated increases in benefit costs; anticipated increases in insurance premiums; fees for an online program being implemented for participant programming; and an overall increase in costs due to inflation. The Association's fund balance is expected to decrease by \$5,300,397.

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**
Houma, Louisiana

June 30, 2024

Assets

Cash and cash equivalents	\$ 15,989,378
Investments	2,400,000
Receivables:	
Accounts	30,894
Other	41,612
Due from other governmental units	401,055
Inventories	151,765
Prepaid expense	27,167
Deposits	13,475
Capital assets:	
Non-depreciable	647,287
Depreciable, net of accumulated depreciation	10,879,238
Right-of-use asset, net of accumulated amortization	98,506
	<hr/>
Total assets	30,680,377
	<hr/>

Liabilities

Accounts payable and accrued expenditures	364,760
Non-current liabilities:	
Due within one year	7,185
Due after one year	290,957
	<hr/>
Total liabilities	662,902
	<hr/>

Net Position

Net investment in capital assets	11,625,031
Unrestricted	18,392,444
	<hr/>
Total net position	\$ 30,017,475
	<hr/> <hr/>

See notes to financial statements.

STATEMENT OF ACTIVITIES**Terrebonne ARC**
Houma, Louisiana

For the year ended June 30, 2024

Functions/Programs	Direct Expenses	Indirect Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities				
Health, welfare, and social services:				
Adult Workshop	\$ 6,142,156	\$ 2,853,547	\$ 3,755,050	\$ (5,240,653)
Residential	1,610,231	1,053,472	1,891,742	(771,961)
Administrative	4,216,972	(3,907,019)	-	(309,953)
Total governmental activities	\$ 11,969,359	\$ -	\$ 5,646,792	(6,322,567)
General Revenues				
Grants and contributions not restricted to specific programs				5,342,018
Insurance proceeds				2,336,729
Miscellaneous				966,247
Total general revenues				8,644,994
Change in net position				2,322,427
Net Position				
Beginning of year				27,695,048
Ending of year				\$ 30,017,475

See notes to financial statements.

GOVERNMENTAL FUND BALANCE SHEET**Terrebonne ARC**
Houma, Louisiana

June 30, 2024

Assets

Cash and cash equivalents	\$ 15,989,378
Investments	2,400,000
Receivables:	
Accounts	30,894
Other	41,612
Due from other governmental units	401,055
Inventories	151,765
Prepaid expense	27,167
Deposits	<u>13,475</u>
Total assets	<u><u>\$ 19,055,346</u></u>

Liabilities

Accounts payable and accrued expenditures	<u>\$ 364,760</u>
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Fund Balance

Nonspendable:	
Inventories	151,765
Prepaid expense	27,167
Committed:	
Dedicated emergencies and contingency fund	9,372,893
Assigned:	
Subsequent years' expenditures:	
Next year's budget deficit	5,300,397
Donations - designated expenditures	393,435
Unassigned	<u>3,444,929</u>
Total fund balance	<u>18,690,586</u>
Total liabilities and fund balance	<u><u>\$ 19,055,346</u></u>

See notes to financial statements.

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

Terrebonne ARC
Houma, Louisiana

June 30, 2024

Fund Balances - Governmental Fund		\$ 18,690,586
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 19,818,927	
Less accumulated depreciation	<u>(8,292,402)</u>	11,526,525
Long-term assets are not financial resources and, therefore, are not reported in the governmental fund.		
Lease right-of-use asset	107,922	
Less accumulated amortization	<u>(9,416)</u>	98,506
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Lease liability		(100,718)
Compensated absences payable		<u>(197,424)</u>
Net Position of Governmental Activities		<u>\$ 30,017,475</u>

See notes to financial statements.

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

Terrebonne ARC
Houma, Louisiana

For the year ended June 30, 2024

Revenues

Intergovernmental:

Terrebonne Parish Consolidated Government

\$ 5,054,155

State of Louisiana:

Other

4,470

Charges for services

5,646,792

Grants

283,393

Miscellaneous

966,247

Total revenues

11,955,057

Expenditures

Health and welfare:

Current:

Personal services

8,055,447

Supplies and materials

696,506

Other services and charges

2,218,333

Repairs and maintenance

240,323

Capital outlay

634,903

Total expenditures

11,845,512

Excess of revenues over expenditures

109,545

Other Financing Sources

Insurance proceeds

2,336,729

Net Change in Fund Balance

2,446,274

Fund Balance

Beginning of year

16,244,312

End of year

\$ 18,690,586

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
Houma, Louisiana

For the year ended June 30, 2024

Net Change in Fund Balance - Governmental Fund \$ 2,446,274

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

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.

Capital outlay	\$ 634,903	
Depreciation expense	(740,380)	
Excess of capital outlay over depreciation expense		(105,477)

The net effect of various miscellaneous transactions involving
capital assets, such as sales, trade-ins and donations, and
lease is to decrease net position.

Loss on disposition of capital assets		(15,070)
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The net effect of various miscellaneous transactions involving
capital assets, such as sales, trade-ins, donations, is to
decrease net position.

Capital outlay - lease	1,917	
Lease proceeds	(1,917)	
Amortization right-of-use asset	(8,705)	
Lease interest expense	(3,868)	
Lease expense	10,537	(2,036)

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.

Compensated absences		(1,264)
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Change in Net Position of Governmental Activities \$ 2,322,427

See notes to financial statements.

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

Terrebonne ARC
Houma, Louisiana

For the year ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental:				
Terrebonne Parish Consolidated				
Government	\$ 5,042,000	\$ 5,050,000	\$ 5,054,155	\$ 4,155
State of Louisiana:				
Other	4,000	4,000	4,470	470
Charges for services	5,355,100	5,173,849	5,646,792	472,943
Grants	-	278,400	283,393	4,993
Miscellaneous	466,465	819,385	966,247	146,862
Total revenues	<u>10,867,565</u>	<u>11,325,634</u>	<u>11,955,057</u>	<u>629,423</u>
Expenditures				
Health and welfare:				
Current:				
Personal services	10,677,558	10,731,883	8,055,447	2,676,436
Supplies and materials	922,176	855,781	696,506	159,275
Other services and charges	1,739,080	2,399,030	2,218,333	180,697
Repairs and maintenance	443,704	437,179	240,323	196,856
Capital outlay	1,723,238	2,297,073	634,903	1,662,170
Total expenditures	<u>15,505,756</u>	<u>16,720,946</u>	<u>11,845,512</u>	<u>4,875,434</u>
Excess of revenues over expenditures (expenditures over revenues)	(4,638,191)	(5,395,312)	109,545	5,504,857
Other Financing Sources				
Insurance proceeds	-	2,336,708	2,336,729	21
Net Change in Fund Balance	(4,638,191)	(3,058,604)	2,446,274	5,504,878
Fund Balance				
Beginning of year	<u>16,244,312</u>	<u>16,244,312</u>	<u>16,244,312</u>	<u>-</u>
End of year	<u>\$ 11,606,121</u>	<u>\$ 13,185,708</u>	<u>\$ 18,690,586</u>	<u>\$ 5,504,878</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne ARC
Houma, Louisiana

June 30, 2024

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, 2024.

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.
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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

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 intergovernmental 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 received.

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 and amortization 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (Continued)

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 \$536,645, or 2.71% 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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 and above	15 days

The Association's policy regarding vacation time for employees hired prior to November 12, 2019, grants 20 days of paid vacation time to regular, full-time employees who work at least 240 days per year and have 20 or more years of service.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Vacation and Sick Leave (Continued)

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.

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, 2021 and later remain subject to examination by the taxing authorities. As of June 30, 2024, 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 amortization, 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, 2024, the Association had no outstanding borrowings.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Fund Equity (Continued)

Government-Wide Statements (Continued)

- 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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Fund Equity (Continued)

Fund Financial Statements (Continued)

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, 2024.

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.

o) New GASB Statements

During the year ending June 30, 2024, the Association implemented the following GASB Statements:

Statement No. 99, "*Omnibus 2022*" provides objectives to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial report for financial guarantees. This Statement did not affect the financial statements.

Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement did not affect the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

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

Statement No. 101, “*Compensated Absences*” provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 102, “*Certain Risk Disclosures*” defines concentrations and constraints. The Statement also requires governments to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact and whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Additional disclosures are to be included if reporting criteria is met which will provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 103, “*Financial Reporting Model Improvements*” provides guidance to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The Statement establishes new or modifies existing requirements related to Management’s Discussion and Analysis (MD&A), unusual or infrequent items, presentation of proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, and budgetary comparison information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has yet to determine the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

Statement No. 104, *“Disclosure of Certain Capital Assets”* provides guidance on the requirements of certain types of capital assets disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *“Public-Private and Public-Public Partnerships and Availability Payment Arrangements”*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *“Subscription-Based Information Technology Arrangements”*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has yet to determine 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.

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.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits

The balances of deposits as of June 30, 2024 are as follows:

	Bank Balance	Reported Amount
Cash	\$ 1,685,593	\$ 1,649,937
Certificates of Deposit	2,400,000	2,400,000
Totals	\$ 4,085,593	\$ 4,049,937

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, 2024, \$3,335,593 of the Association's bank balances of \$4,085,593 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, 2024, 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 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.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

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, 2024 amounted to \$14,335,024 and are included on the Statement of Net Position as "cash equivalents".

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Cash on hand	\$	4,417
Reported amount of deposits		4,049,937
Reported amount of investments		<u>14,335,024</u>
Total		<u>\$ 18,389,378</u>
Cash and cash equivalents	\$	15,989,378
Investments		<u>2,400,000</u>
Total		<u>\$ 18,389,378</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 5.21 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 \$5,054,155 net of \$45,845 withheld by the Parish for administrative expenses, during the year ended June 30, 2024. 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, 2024 consisted of the following:

State of Louisiana -	
Department of Health:	
Office of Family Security:	
Title XIX - Per Diem	\$ 88,320
Office for Citizens with	
Developmental Disabilities:	
Adult Workshop	241,317
Supervised Independent Living	7,040
Respite / PCA	64,378
	\$ 401,055
Total	\$ 401,055

Note 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2024 follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 478,615	\$ -	\$ -	\$ 478,615
Construction in progress	7,962	172,500	(11,790)	168,672
Total capital assets not being depreciated	486,577	172,500	(11,790)	647,287
Capital assets being depreciated:				
Buildings	15,162,336	99,326	(18,550)	15,243,112
Office furniture, equipment, and fixtures	1,629,100	329,928	(137,581)	1,821,447
Machinery and equipment	2,063,626	44,939	(1,484)	2,107,081
Total capital assets being depreciated	18,855,062	474,193	(157,615)	19,171,640
Less accumulated depreciation for:				
Buildings	(5,171,747)	(476,950)	13,083	(5,635,614)
Office furniture, equipment, and fixtures	(1,043,801)	(122,519)	128,219	(1,038,101)
Machinery and equipment	(1,479,019)	(140,911)	1,243	(1,618,687)
Total accumulated depreciation	(7,694,567)	(740,380)	142,545	(8,292,402)
Total capital assets being depreciated, net	11,160,495	(266,187)	(15,070)	10,879,238
Right-of-use assets:				
Buildings	106,005	1,917	-	107,922
Less accumulated amortization for:				
Buildings	(711)	(8,705)	-	(9,416)
Right-of-use assets being amortized, net	105,294	(6,788)	-	98,506
Total capital assets, net	\$ 11,752,366	\$ (100,475)	\$ (26,860)	\$ 11,625,031

Note 5 - CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense for the year ended June 30, 2024 was charged to the following governmental activities:

<u>Governmental Activity</u>	
Administrative	\$ 208,605
Adult Workshop	463,049
Residential	<u>68,726</u>
Total	<u>\$ 740,380</u>

Note 6 - LEASE COMMITMENTS

The Association leases land. The lease term commenced on May 25, 2023 and extends through October 31, 2035. Payments are established annually to account for an increase or decrease in the Consumer Price Index. The lease interest rate is approximated at the incremental borrowing rate of 3.7%. Lease expense for the property was \$12,573.

Reported under Statement 87 for the year ended June 30, 2024 are as follows:

Lease expenses	<u>\$ 12,573</u>
Cash paid for lease	<u>\$ 10,537</u>
Lease right-of-use asset	\$ 107,922
Accumulated amortization	<u>(9,416)</u>
Lease right-of-use asset, net	<u>\$ 98,506</u>
Current portion of long-term debt	\$ 7,185
Long-term debt	<u>93,533</u>
Total lease liability	<u>\$ 100,718</u>

The weighted-average remaining lease term in years as of June 30, 2024 is 11.3 years.

The weighted-average of the interest rates as of June 30, 2024 is 3.7%.

Note 6 - LEASE COMMITMENTS (Continued)

As of June 30, 2024, minimum future obligations of the leases are as follows:

	2025	\$ 10,792
	2026	10,906
	2027	10,906
	2028	10,906
	2029 - 2035	<u>79,974</u>
Total minimum lease payments		123,484
Less amount representing interest		<u>(22,766)</u>
Present value of capital lease obligation		100,718
Less current maturities		<u>(7,185)</u>
		<u><u>\$ 93,533</u></u>

Note 7 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures as of June 30, 2024 consisted of the following:

Vendors	\$ 105,019
Salaries and benefits	<u>259,741</u>
Total	<u><u>\$ 364,760</u></u>

Note 8 - LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations of the Association for the year ended June 30, 2024:

	<u>Payable July 1, 2023</u>	<u>Obligations Retired</u>	<u>New Issues</u>	<u>Payable June 30, 2024</u>	<u>Due Within One Year</u>
Accumulated unpaid annual leave	\$ 196,160	\$ -	\$ 1,264	\$ 197,424	\$ -
Lease liability	<u>105,470</u>	<u>(4,752)</u>	<u>-</u>	<u>100,718</u>	<u>7,185</u>
Totals	<u><u>\$ 301,630</u></u>	<u><u>\$ (4,752)</u></u>	<u><u>\$ 1,264</u></u>	<u><u>\$ 298,142</u></u>	<u><u>\$ 7,185</u></u>

Note 9 - 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 10 - 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, 2024, employee contributions totaled \$195,217 and the Association recognized a pension expense of \$90,819.

Employees are fully vested immediately upon participating in the Plan.

Note 11 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended June 30, 2024.

Note 12 - 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 13 - CONSTRUCTION COMMITMENTS

As of June 30, 2024, the Association entered into contracts for renovations to the Cedar Chest Event Center of approximately \$129,000 and the Houma Grown Cafeteria for approximately \$53,000. The Association spent approximately \$121,000 on the Cedar Chest Event Center renovations and approximately \$31,000 on the Houma Grown Cafeteria renovations and has remaining commitments of approximately \$8,000 and \$22,000, respectively.

Note 14 - 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 6, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION SECTION

DEPARTMENTS

Terrebonne ARC Houma, Louisiana

June 30, 2024

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
Houma, Louisiana

June 30, 2024

	Operating	Adult Workshop	Respite/ Personal Care Attendant
Assets			
Cash and cash equivalents	\$ 15,985,627	\$ 2,851	\$ -
Investments	2,400,000	-	-
Receivables:			
Accounts	13,625	17,196	-
Other	35,882	4,702	210
Due from other governmental units	-	241,317	64,378
Due from/(to) other departments	203,569	(100,400)	(48,444)
Inventories	9,253	142,512	-
Prepaid expense	21,627	5,306	-
Deposits	990	11,950	-
	\$ 18,670,573	\$ 325,434	\$ 16,144
Liabilities			
Accounts payable and accrued expenditures	\$ 122,499	\$ 182,922	\$ 16,144
Fund Balance			
Nonspendable:			
Inventories	9,253	142,512	-
Prepaid expense	27,167	-	-
Committed:			
Dedicated emergencies and contingency fund	9,372,893	-	-
Assigned:			
Subsequent years' expenditures next year's budgeted deficit	5,300,397	-	-
Donations	393,435	-	-
Unassigned	3,444,929	-	-
	18,548,074	142,512	-
Total liabilities and fund balance	\$ 18,670,573	\$ 325,434	\$ 16,144

<u>Supervised Independent Living</u>	<u>Dixie Community Home</u>	<u>Wellington Community Home</u>	<u>Lillian Marie Community Home</u>	<u>Totals</u>
\$ -	\$ 300	\$ 300	\$ 300	\$ 15,989,378
-	-	-	-	2,400,000
-	73	-	-	30,894
71	318	359	70	41,612
7,040	27,050	23,590	37,680	401,055
(3,467)	(15,160)	(13,419)	(22,679)	-
-	-	-	-	151,765
45	63	63	63	27,167
-	80	140	315	13,475
<u>\$ 3,689</u>	<u>\$ 12,724</u>	<u>\$ 11,033</u>	<u>\$ 15,749</u>	<u>\$ 19,055,346</u>
<u>\$ 3,689</u>	<u>\$ 12,724</u>	<u>\$ 11,033</u>	<u>\$ 15,749</u>	<u>\$ 364,760</u>
-	-	-	-	151,765
-	-	-	-	27,167
-	-	-	-	9,372,893
-	-	-	-	5,300,397
-	-	-	-	393,435
-	-	-	-	3,444,929
-	-	-	-	18,690,586
<u>\$ 3,689</u>	<u>\$ 12,724</u>	<u>\$ 11,033</u>	<u>\$ 15,749</u>	<u>\$ 19,055,346</u>

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

Terrebonne ARC
Houma, Louisiana

For the year ended June 30, 2024

	Operating	Adult Workshop	Respite/ Personal Care Attendant
Revenues			
Intergovernmental:			
Terrebonne Parish			
Consolidated Government	\$ 5,054,155	\$ -	\$ -
State of Louisiana:			
Other	4,470	-	-
Charges for services	-	3,755,050	404,566
Grants	9,993	216,100	57,300
Miscellaneous:			
Interest	768,115	-	-
Donations and dues	40,123	11,300	-
Other	139,808	6,901	-
	6,016,664	3,989,351	461,866
Expenditures			
Health and welfare:			
Current:			
Personal services	2,672,580	4,169,229	471,481
Supplies and materials	112,739	505,863	3,216
Other services and charges	1,105,022	893,970	18,969
Repairs and maintenance	117,675	95,742	669
Central administration and services	(3,907,019)	2,853,547	338,648
Capital outlay	135,604	476,897	549
	236,601	8,995,248	833,532
Excess (deficiency) of revenues over expenditures (carry forward)	5,780,063	(5,005,897)	(371,666)

<u>Supervised Independent Living</u>	<u>Dixie Community Home</u>	<u>Wellington Community Home</u>	<u>Lillian Marie Community Home</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,054,155
-	-	-	-	4,470
36,720	494,111	472,753	483,592	5,646,792
-	-	-	-	283,393
-	-	-	-	768,115
-	-	-	-	51,423
-	-	-	-	146,709
<u>36,720</u>	<u>494,111</u>	<u>472,753</u>	<u>483,592</u>	<u>11,955,057</u>
94,075	269,688	182,786	195,608	8,055,447
640	21,266	26,425	26,357	696,506
4,956	68,424	61,022	65,970	2,218,333
10	3,814	7,672	14,741	240,323
68,287	248,807	190,380	207,350	-
-	20,205	-	1,648	634,903
<u>167,968</u>	<u>632,204</u>	<u>468,285</u>	<u>511,674</u>	<u>11,845,512</u>
<u>(131,248)</u>	<u>(138,093)</u>	<u>4,468</u>	<u>(28,082)</u>	<u>109,545</u>

	<u>Operating</u>	<u>Adult Workshop</u>	<u>Respite/ Personal Care Attendant</u>
Excess (deficiency) of revenues over expenditures (brought forward)	<u>5,780,063</u>	<u>(5,005,897)</u>	<u>(371,666)</u>
Other Financing Sources (Uses)			
Insurance proceeds	2,260,199	67,291	6,124
Operating transfers in:			
Operating	-	4,110,106	365,542
Dixie Community Home	-	275,376	-
Wellington Community Home	-	275,804	-
Lillian Marie Community Home	-	267,049	-
Operating transfers out:			
Adult Workshop	(4,110,106)	-	-
Respite/Personal Care Attendant	(365,542)	-	-
Supervised Independent Living	(131,248)	-	-
Dixie Community Home	(410,678)	-	-
Wellington Community Home	(271,012)	-	-
Lillian Marie Community Home	(295,131)	-	-
Total other financing sources (uses)	<u>(3,323,518)</u>	<u>4,995,626</u>	<u>371,666</u>
Net Change in Fund Balances	2,456,545	(10,271)	-
Fund Balance			
Beginning of year	<u>16,091,529</u>	<u>152,783</u>	<u>-</u>
End of year	<u>\$ 18,548,074</u>	<u>\$ 142,512</u>	<u>\$ -</u>

**Schedule 2
(Continued)**

Supervised Independent Living	Dixie Community Home	Wellington Community Home	Lillian Marie Community Home	Totals
<u>(131,248)</u>	<u>(138,093)</u>	<u>4,468</u>	<u>(28,082)</u>	<u>109,545</u>
-	2,791	324	-	2,336,729
131,248	410,678	271,012	295,131	5,583,717
-	-	-	-	275,376
-	-	-	-	275,804
-	-	-	-	267,049
-	(275,376)	(275,804)	(267,049)	(4,928,335)
-	-	-	-	(365,542)
-	-	-	-	(131,248)
-	-	-	-	(410,678)
-	-	-	-	(271,012)
-	-	-	-	(295,131)
<u>131,248</u>	<u>138,093</u>	<u>(4,468)</u>	<u>28,082</u>	<u>2,336,729</u>
-	-	-	-	2,446,274
-	-	-	-	16,244,312
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,690,586</u>

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

Terrebonne ARC
Houma, Louisiana

For the year ended June 30, 2024

Agency Head Name: Mary Lynn Bisland, Executive Director

Purpose

Salary	\$ 184,005
Benefits - insurance	25,077
Benefits - retirement	7,344
Benefits - other	689
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	235
Membership fees	550
Registration fees	925
Conference travel	961
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	\$ 219,786

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, 2024, which collectively comprise the Association’s financial statements and have issued our report thereon dated December 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association’s internal control over financial reporting (internal control) as a basis for designing 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.

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 or significant deficiencies may exist that have not been identified.

Report on 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.



Certified Public Accountants.

Houma, Louisiana,
December 6, 2024.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne ARC

Houma, Louisiana

For the year ended June 30, 2024

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be a material weakness? Yes None reported

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

The Association did not expend more than \$750,000 in federal awards during the year ended June 30, 2024, and therefore, is exempt from the audit requirements under *Uniform Guidance*.

Section II Financial Statement Findings

No financial statement findings were reported during the audit for the year ended June 30, 2024.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne ARC Houma, Louisiana

For the year ended June 30, 2024

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, 2023.

No significant deficiencies were reported during the audit for the year ended June 30, 2023.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2023.

Section II - Internal Control and Compliance Material to Federal Awards

The Association did not expend more than \$750,000 in federal awards during the year ended June 30, 2023, and therefore, is exempt from the audit requirements under *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2023.

MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

Terrebonne ARC
Houma, Louisiana

For the year ended June 30, 2024

**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, 2024.

No significant deficiencies were reported during the audit for the year ended June 30, 2024.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2024.

Section II - Internal Control and Compliance Material to Federal Awards

The Association did not expend more than \$750,000 in federal awards during the year ended June 30, 2024, and therefore, is exempt from the audit requirements under *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2024.

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 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2023 through June 30, 2024. Terrebonne ARC (the “Association”) management is responsible for those C/C areas identified in the SAUPs.

The Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA’s SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 4.

We were engaged by the Association to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely 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 24:513, this report is distributed by the LLA as a public document.

Bougeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
December 6, 2024.

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

Terrebonne ARC
Houma, Louisiana

For the year ended June 30, 2024

The required procedures and our findings are as follows:

1) Procedures Performed on the Association's Written Policies and Procedures:

A. Obtain and inspect the Association's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Association's operations:

i. **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.

ii. **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.

Exceptions: There were no exceptions noted.

iii. **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.

iv. **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 Association 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.

1) **Procedures Performed on the Association's Written Policies and Procedures: (Continued)**

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
Performance: Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- vi. **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 purchasing handbook for contracting and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- vii. **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 the functions listed above.
Exceptions: There were no exceptions noted.
- viii. **Credit Cards** (and debit cards, fuel cards, purchase 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: Obtained and read the written policy for credit cards and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Association's ethics policy.
Performance: Obtained and read the written policy for ethics and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Performance: Inquired of management regarding the Association's debt service policy. The Association does not have a debt service policy since debt is not utilized for funding operations.
Exceptions: There were no exceptions noted.

1) Procedures Performed on the Association's Written Policies and Procedures: (Continued)

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data 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 a critical event.

Performance: Obtained and read the written policy for information technology disaster recovery/business continuity and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

Exceptions: There were no exceptions noted.

2) Procedures Performed on the Association's Board or Finance Committee:

- A. Obtain and inspect the board/finance committee 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:

- i. Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board/finance committee's enabling legislation, charter, bylaws, or other equivalent document in effect during the fiscal period.

Performance: Obtained and read the written minutes of the Board meetings. The Board met with a quorum for each meeting.

Exceptions: There were no exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.

Performance: Inspected meeting minutes to determine if the minutes included references to budget-to-actual comparisons for the General Fund.

Exceptions: There were no exceptions noted.

2) Procedures Performed on the Association's Board or Finance Committee: (Continued)

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the General Fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the General Fund. The General Fund did not have a negative ending unassigned fund balance.

Exceptions: There were no exceptions noted.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Performance: Obtained and read the prior year's audit report and observed management's corrective action plan. There were no audit findings in the prior year.

Exceptions: There were no exceptions noted.

3) Procedures Performed on the Association's Bank Reconciliations:

- A. Obtain a listing of the Association's bank accounts from management and management's representation that the listing is complete. Ask management to identify the Association's main operating account. Select the Association's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter. The Association has 3 bank accounts.

Exceptions: There were no exceptions noted.

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

Performance: Obtained monthly bank reconciliation for the month of June for the main operating bank account and 2 additional accounts. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

3) Procedures Performed on the Association's Bank Reconciliations: (Continued)

- ii. Bank reconciliations include written 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 within one month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Performance: Inspected the Association's documentation of management's review of bank reconciliations for the June bank reconciliation for the 3 bank accounts selected.

Exceptions: There were no exceptions noted.

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

Performance: Inspected documents for items outstanding for more than 12 months; none were noted.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the Association's Collections (excluding electronic funds transfers):

- A. 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. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

Exceptions: There were no exceptions noted.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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:

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

Exceptions: There were no exceptions noted.

- i. Employees responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manuals and inquired of management. While employees share cash drawers/registers, cash drawers/registers are under camera surveillance at all times.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the Association's Collections (excluding electronic funds transfers): (Continued)

- ii. Each employee responsible for collecting cash is not also 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, inquired of management and observed employees collecting cash are not responsible for making deposits.

Exceptions: There were no exceptions noted.

- iii. Each employee responsible for collecting cash is not also 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; and

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

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of management and observed employees performing reconciliations do not collect cash.

Exceptions: There were no exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Performance: Obtained a copy of the insurance policy for theft and a listing of all employees covered by the policy. The policy was in force during the fiscal period.

Exceptions: There were no exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly select and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.

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

Exceptions: There were no exceptions noted.

4) Procedures Performed on the Association's Collections (excluding electronic funds transfers): (Continued)

- ii. 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.
- iii. 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.
- iv. 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 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
Performance: Observed that the deposits tested were made within one business day of receipt or within one week if depository is more than 10 miles from collection location or the deposit is less than \$100.
Exceptions: There were no exceptions noted.
- v. 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.

5) Procedures Performed on the Association's Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases):

- A. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Performance: Obtained a listing of locations that process payments for the fiscal period from management and received management's representation in a separate letter. The Association only has one location that processes payments.
Exceptions: There were no exceptions noted.
- B. For each location selected under procedure #5A, 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and reviewed written policies and procedures related to employee job duties. Observed if the job duties were properly segregated.
Exceptions: There were no exceptions noted.

5) Procedures Performed on the Association's Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)

- i. At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase. Observed at least 2 employees are involved.
Exceptions: There were no exceptions noted.
 - ii. At least 2 employees are involved in processing and approving payments to vendors.
Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved.
Exceptions: There were no exceptions noted.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
Performance: Obtained a listing of employees involved in processing payments to vendors. Observed if any employees involved are adding/modifying vendor files and inquired with management.
Exceptions: There were no exceptions noted.
 - iv. 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: Obtained a listing of employees involved with signing and mailing checks.
Exceptions: There were no exceptions noted.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
Performance: Obtained a listing of employees authorized to sign checks and noted that they are the only ones authorized to approve electronic disbursements.
Exceptions: There were no exceptions noted.
- C. For each location selected under procedure #5A, obtain the Association's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
Performance: Obtained the Association's non-payroll disbursement transaction population and management's representation that the population is complete. Randomly selected 5 disbursements.
Exceptions: There were no exceptions noted.

5) Procedures Performed on the Association's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the Association.

Performance: Observed the 5 disbursements matched the related original invoice/billing statements and examined evidence that deliverables were received.

Exceptions: There were no exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

Performance: Observed the 5 disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

- D. Using the Association's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the Association's policy, and (b) approved by the required number of authorized signers per the Association's policy.

Performance: Observed the 5 non-payroll-related electronic disbursements and observed that each disbursement was approved by those persons authorized to disburse funds and approved by the required number of authorized signers.

Exceptions: There were no exceptions noted.

6) Procedures Performed on the Association's Credit Cards, Debit Cards, Fuel Cards, Purchase Cards (Cards):

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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: Obtained a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards from management and management's representation that the listing is complete.

Exceptions: There were no exceptions noted.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:

6) Procedures Performed on the Association's Credit Cards, Debit Cards, Fuel Cards, Purchase Cards (Cards): (Continued)

- i. Observe whether 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) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder;
Performance: Observed evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
Exceptions: There were no exceptions noted.
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
Performance: Observed finance charges and/or late fees were not assessed on the selected statements.
Exceptions: There were no exceptions noted.
- C. Using the monthly statements or combined statements selected under procedure #6B, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, report whether the transaction is supported by:
- i. An original itemized receipt that identifies precisely what was purchased.
Performance: Observed transactions from the monthly statements were supported by original itemized receipts that identifies precisely what was purchased.
Exceptions: There were no exceptions noted.
 - ii. Written documentation of the business/public purpose.
Performance: Observed that the transactions from the monthly statements were supported with written documentation of the business/public purpose.
Exceptions: There were no exceptions noted.
 - iii. Documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
Performance: Inspected the transactions from the monthly statements; none of the transactions were meal charges.
Exceptions: There were no exceptions noted.

7) Procedures Performed on the Association's Travel and Travel-Related Expense Reimbursements (excluding card transactions):

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Performance: Obtained general ledger for travel and travel-related expense reimbursements and management's representation in a separate letter.

Exceptions: There were no exceptions noted.

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

Performance: Inspected travel and travel-related expense reimbursements and none were reimbursed using per diem.

Exceptions: There were no exceptions noted.

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

Performance: Observed that reimbursements were supported by an original itemized receipt.

Exceptions: There were no exceptions noted.

iii. 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 Policies and Procedures procedure #1A(vii).

Performance: Observed that reimbursements were supported by documentation of the business/public purpose and other documentation required by written policy.

Exceptions: There were no exceptions noted.

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

Performance: Observed that reimbursements were reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Exceptions: There were no exceptions noted.

8) Procedures Performed on the Association's Contracts:

- A. Obtain from management 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. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Performance: Obtained 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 and management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

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

Performance: Contracts selected did not need bids.

Exceptions: There were no exceptions noted.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Performance: Inspected board meeting minutes and confirmed the board approved the contracts.

Exceptions: There were no exceptions noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval).

Performance: Observed the contracts selected and noted no amendments.

Exceptions: There were no exceptions noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 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: Obtained supporting documentation for the payments selected and observed that it agreed to the terms and conditions of the contract.

Exceptions: There were no exceptions noted.

9) Procedures Performed on the Association's Payroll and Personnel:

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries, and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Obtained the listing of employees and their related salaries from management and management's representation in a separate letter that the listing is complete. Selected 5 employees and obtained paid salaries and personnel files and agreed paid salaries to authorized salaries/pay rates in the personnel files.

Exceptions: There were no exceptions noted.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Selected one pay period and inspected all daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Performance: Inspected the approval of attendance and leave by the supervisors for the selected employee/officials.

Exceptions: There were no exceptions noted.

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

Performance: Inspected any leave accrued or taken during the pay period was reflected in the cumulative leave records.

Exceptions: There were no exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Performance: Inspected and agreed the rate paid to employees to the authorized pay rate in the personnel files.

Exceptions: There were no exceptions noted.

9) Procedures Performed on the Association's Payroll and Personnel: (Continued)

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Association's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files, and agree the termination payment to the Association's policy.

Performance: Inquired of management of those employees/officials that terminated during the fiscal period and received management's representation that the listing is complete in a separate letter. The hours used in management's termination payment calculations were agreed to the cumulative leave records and the pay rates agreed to authorized pay rates in the personnel files.

Exceptions: There were no exceptions noted.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Performance: Obtained management's representation of the timely filing of payroll forms and timely payments and inspected payroll reporting forms to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

10) Procedures Performed on the Association's Ethics:

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

Performance: Inspected personnel files and ethics course completion certificates for the 5 employees selected.

Exceptions: There were no exceptions noted.

- ii. Observe whether the Association maintains documentation which demonstrates that each employee and official were notified of any changes to the Association's ethics policy during the fiscal period, as applicable.

Performance: Observed documentation that employees were notified of any changes to the ethics policy.

Exceptions: There were no exceptions noted.

10) Procedures Performed on the Association's Ethics: (Continued)

- B. Inquire and/or observe whether the Association has appointed an ethics designee as required by R.S. 42:1170.

Performance: Inquired as to whether the Association appointed an ethics designee.

Exceptions: There were no exceptions noted.

11) Procedures Performed on the Association's Debt Service:

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Randomly select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Performance: Inquired of management regarding a listing of bonds/notes issued during the fiscal period. No bonds/notes were issued.

Exceptions: There were no exceptions noted.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Performance: Inquired of management regarding a listing of bonds/notes outstanding at the end of the fiscal period and obtained management's representation in a separate letter. There were no bonds/notes outstanding.

Exceptions: There were no exceptions noted.

12) Procedures Performed on the Association's Fraud Notice:

- A. Obtain a listing of misappropriations of public funds and 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 district attorney of the parish in which the Association is domiciled as required by R.S. 24:523.

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period; none were noted.

Exceptions: There were no exceptions noted.

- B. Observe that the Association has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Observed the fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

**13) Procedures Performed on the Association's Information Technology Disaster Recovery/
Business Continuity:**

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the Association's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personal responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the Association's local server or network, and (c) was encrypted.

Performance: We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the Association's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Performance: We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the Association's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Performance: We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using a list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Performance: We performed the procedure and discussed the results with management.

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Performance: We performed the procedure and discussed the results with management.

14) Procedures Performed on the Association's Prevention of Sexual Harassment:

- A. Using the 5 randomly selected employees/officials from "Procedures Performed on the Association's Payroll and Personnel procedure" #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Performance: Observed sexual harassment training documentation for the 5 employees selected.

Exceptions: There were no exceptions noted.

- B. Observe that the Association has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Association's premises if the Association does not have a website).

Performance: Observed the sexual harassment policy and complaint procedure on its website.

Exceptions: There were no exceptions noted.

- C. Obtain the Association's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

Performance: Obtained the Association's annual sexual harassment report.

Exceptions: There were no exceptions noted.

- i. Number and percentage of public servants in the agency who have completed the training requirements.

Performance: Obtained the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

- ii. Number of sexual harassment complaints received by the agency.

Performance: Obtained the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred.

Performance: Obtained the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.

Performance: Obtained the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

**14) Procedures Performed on the Association's Prevention of Sexual Harassment:
(Continued)**

v. Amount of time it took to resolve each complaint.

Performance: Obtained the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

Management's Overall Response to Exceptions:

There were no exceptions noted.