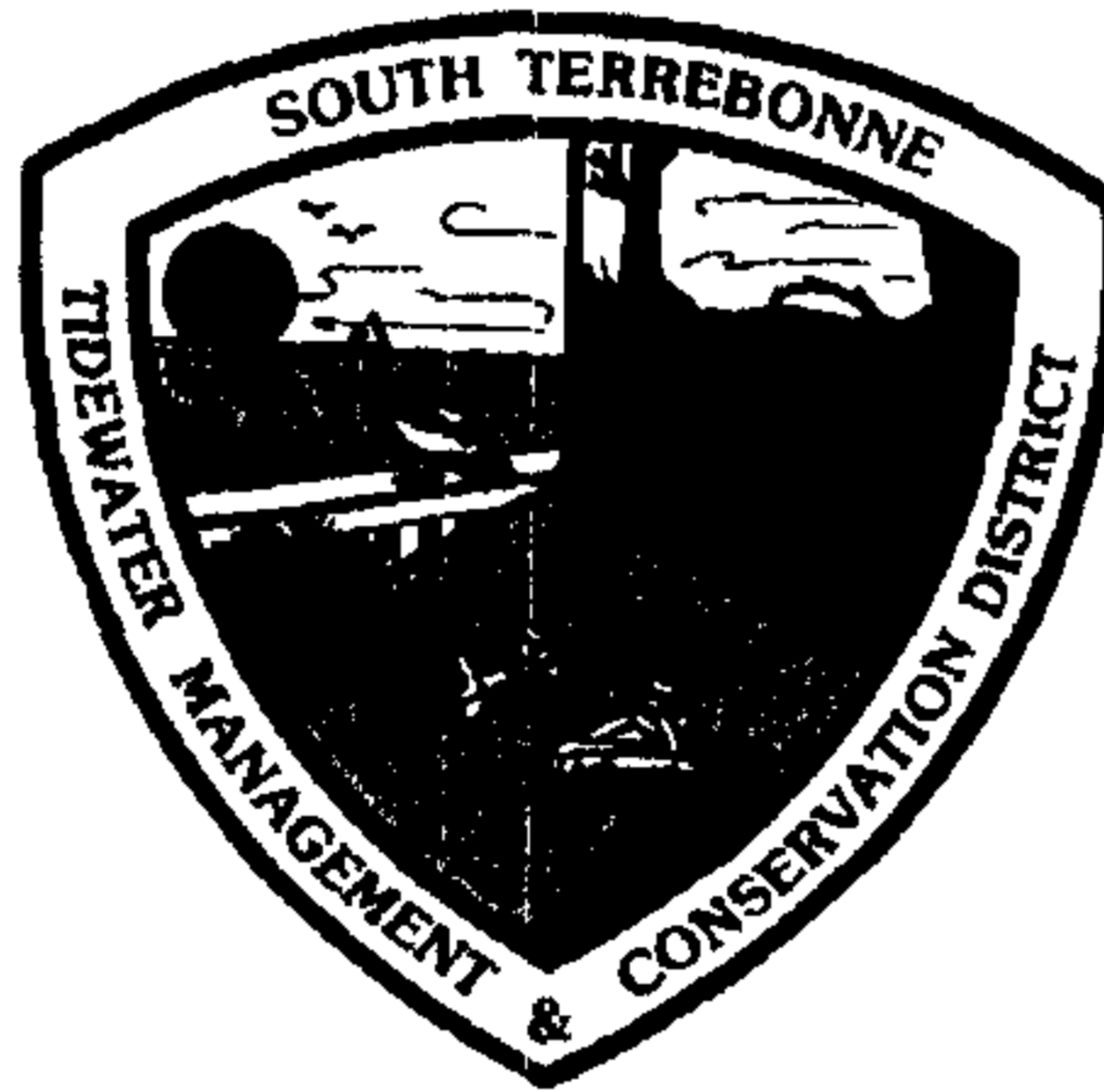


OFFICIAL
FILE COPY
DO NOT SEND OUT
Xerox necessary
copies from this
copy and PLACE
BACK in FILE

RECEIVED
LEGISLATIVE AUDITOR
2000 JUL -5 AM 11:05

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT
Chauvin, Louisiana**



**General Purpose Financial Statements
With Supplemental Information Schedules
And Independent Auditor's Reports**

As of and for the year ended June 30, 1999

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

Release Date JUL 12 2000

T.S. KEARNS & CO.
CPA

(A Professional Corporation)
Timothy S. Kearns, MBA, CPA
501 Canal Boulevard, Thibodaux, LA 70301
(504) 447-8607 Fax (504) 447-4833

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**

Chauvin, Louisiana

General Purpose Financial Statements
With Supplemental Information Schedules
And Independent Auditor's Reports

As of and for the year ended June 30, 1999

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report on the General Purpose Financial Statements		2
General Purpose Financial Statements:		
Combined Balance Sheet, All Fund Types and Account Groups	A	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual	B	4
Notes to the Financial Statements		5-12
Supplemental Information Schedules:	Schedules	
Schedule of Per Diems Paid to Commissioners and Salary Payments Paid to Managers	1	13
Summary Schedule of Prior Audit Findings	2	14
Corrective Action Plan for Current Year Audit Findings	3	15
Other Report Required by <i>Governmental Auditing Standards</i> :		
Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Governmental Auditing Standards		16-17

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
South Terrebonne Parish Tidewater
Management and Conservation District
Chauvin, Louisiana

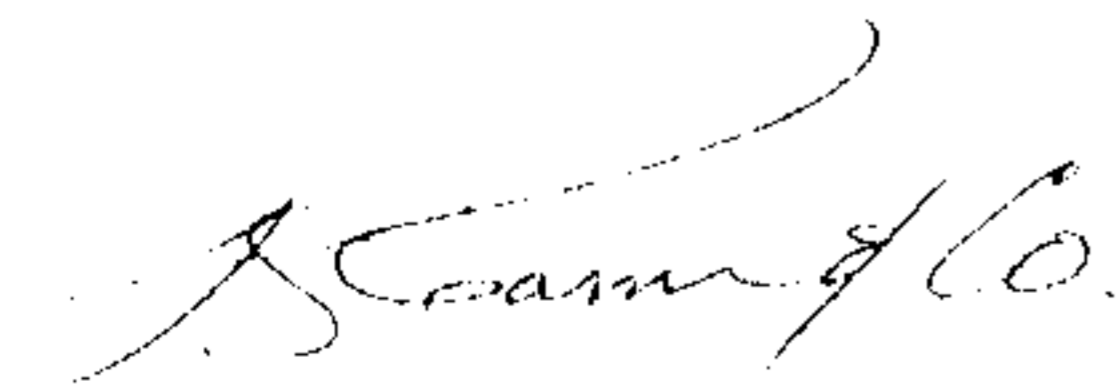
We have audited the accompanying general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the South Terrebonne Parish Tidewater Management and Conservation District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the South Terrebonne Parish Tidewater Management and Conservation District as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2000 on our consideration of the South Terrebonne Parish Tidewater Management and Conservation District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, taken as a whole. The accompanying Schedule of Per Diem Paid Commissioners is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.



June 26, 2000

TIMOTHY S. KEARNS
MASTER OF BUSINESS ADMINISTRATION
CERTIFIED PUBLIC ACCOUNTANT

(A Professional Corporation)
501 Canal Boulevard, Thibodaux, LA 70301
(504) 447-8507 Fax (504) 447-4833
kearnscpa@mobiletel.com

**SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
June 30, 1999

	GOVERNMENTAL FUND <u>GENERAL</u> FUND	ACCOUNT GROUP <u>GENERAL FIXED</u> ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS AND OTHER DEBITS			
Assets:			
Cash and cash equivalents	\$ 1,548,057		\$ 1,548,057
Investments	5,152		5,152
Receivables	305		305
Intergovernmental receivable	153,878		153,878
Hurricane protection system		\$ 38,321,267	38,321,267
Equipment		<u>637,886</u>	<u>637,886</u>
TOTAL ASSETS AND OTHER DEBITS	\$ <u>1,707,392</u>	\$ <u>38,959,153</u>	\$ <u>40,666,545</u>
LIABILITIES, EQUITY, AND OTHER CREDITS			
Liabilities:			
Accounts payables	\$ 128,828		\$ 128,828
Retirement allowances payable	4,332		4,332
Compensated absences	<u>41,056</u>		<u>41,056</u>
Total Liabilities	<u>174,216</u>		<u>174,216</u>
Equity and Other Credits:			
Investment in general fixed assets		\$ 38,959,153	38,959,153
Fund balances:			
Unreserved-undesignated	<u>1,533,176</u>		<u>1,533,176</u>
Total Equity and Other Credits	<u>1,533,176</u>	<u>38,959,153</u>	<u>40,492,329</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ <u>1,707,392</u>	\$ <u>38,959,153</u>	\$ <u>40,666,545</u>

The accompanying notes are an integral part of this statement.

**SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
GOVERNMENTAL FUND - GENERAL FUND
**Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(GAAP Basis) and Actual**
For the Year Ended June 30, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Intergovernmental revenue	\$ 444,838	\$ 488,903	\$ 44,065
Interest	62,052	62,051	(1)
Property taxes	980,604	978,153	(2,451)
Other	4,006	4,007	1
	<u>1,491,500</u>	<u>1,533,114</u>	<u>41,614</u>
EXPENDITURES			
Hurricane protection:			
Commissioners' per diem	12,600	12,600	0
Insurance	109,132	101,632	7,500
Other	105,472	114,886	(9,414)
Professional fees	182,433	199,795	(17,362)
Rent	8,400	8,400	0
Repairs and maintenance	91,984	67,029	24,955
Salaries	278,979	275,982	2,997
Travel	3,064	3,064	0
Capital outlay			
Equipment	65,450	46,306	19,144
Hurricane protection system	448,257	439,252	9,005
	<u>1,305,771</u>	<u>1,268,946</u>	<u>36,825</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	185,729	264,168	78,439
FUND BALANCES AT BEGINNING OF YEAR	<u>1,358,301</u>	<u>1,269,009</u>	<u>89,292</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,544,030</u>	<u>\$ 1,533,177</u>	<u>\$ (10,853)</u>

The accompanying notes are an integral part of this statement.

SOUTH TERREBONNE PARISH TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

Chauvin, Louisiana

Notes to the Financial Statements

As of and for the year ending June 30, 1999

INTRODUCTION

The South Terrebonne Parish Tidewater Management and Conservation District was created by Louisiana Revised Statutes 38:3401-3410. The District is comprised of all the territory of Terrebonne Parish located in voting precincts that are in whole or part south of the Gulf Intracoastal Waterway (excluding lands exempt from taxation). The District is managed and controlled by a seven member board of commissioners appointed by the Governor of the State of Louisiana. Authority was granted by Louisiana Revised Statute 38:3402 to the District to establish adequate drainage, flood control, and water resources by constructing reservoirs, diversion canals, gravity and pump drainage systems, erosion control measures, marsh management, and other flood control works as they relate to tidewater flooding, hurricane protection, and saltwater intrusion. The Board is constituted as a body politic (political corporation) with authority to levy taxes on all property in the district subject to taxation by the State of Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the South Terrebonne Parish Tidewater Management and Conservation District have been prepared in conformity with generally accepted accounting principles (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.

B. REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the South Terrebonne Parish Tidewater Management and Conservation District includes all funds, account groups, et cetera, that are within the oversight responsibility of the District's Board of Commissioners. The District is a component unit of the State of Louisiana because the Commissioners are appointed by the governor and much of the District's revenue comes from the State.

C. FUND ACCOUNTING

The South Terrebonne Parish Tidewater Management and Conservation District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance

SOUTH TERREBONNE PARISH TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

Chauvin, Louisiana

Notes to the Financial Statements

As of and for the year ending June 30, 1999

and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

The only fund of the South Terrebonne Parish Tidewater Management and Conservation District is the general fund which is a governmental fund. This fund classification and a description of the general fund type follow:

Governmental Funds

Governmental funds account for all the South Terrebonne Parish Tidewater Management and Conservation District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. The only governmental funds used is:

1. General Fund--the general operating fund of the South Terrebonne Parish Tidewater Management and Conservation District and accounts for all financial resources, except those required to be accounted for in other funds.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds, expendable trust funds, and agency funds. The governmental funds and expendable trust funds use the following practices in recording revenues and expenditures:

Revenues

Revenues, including funds received from other governmental units, are accounted for using the modified accrual basis of accounting. This means they are recorded when they are both measurable and available to finance current expenditures. Revenue is considered available when it is collectable during the current period, and the actual collection will occur either (1) during the current period or (2) after the end of the period but in time to pay current year-end liabilities.

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**

Chauvin, Louisiana

Notes to the Financial Statements

As of and for the year ending June 30, 1999

Expenditures

Expenditures are generally recognized when the related fund liabilities are incurred under the modified accrual basis of accounting. In accordance with generally accepted accounting principles, the District accrues liabilities for compensated absences when incurred. Because the current and noncurrent portion cannot be reasonably estimated, all costs are considered current and are included in accrued liabilities of the general fund.

E. BUDGETS

Annually, the Board of Commissioners of the District adopts a detailed budget for the general fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget. The budget is prepared on the modified accrual basis of accounting. Budgeting amounts included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments.

F. ENCUMBRANCES

The District does not utilize encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in the fund general ledgers.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the South Terrebonne Parish Tidewater Management and Conservation District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the political subdivision's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
Notes to the Financial Statements
As of and for the year ending June 30, 1999

I. INVENTORIES

Physical inventories consist of expendable supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when purchased and are not recorded as in inventory asset.

J. PREPAID ITEMS

The nonallocation method of accounting for prepayments is used. Payments for prepaid items are fully recognized as expenditures at the time incurred.

K. FIXED ASSETS

Fixed assets of the governmental fund are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are capitalized at cost. No depreciation has been provided on general fixed assets. *All fixed assets are valued at historical cost.*

L. COMPENSATED ABSENCES

The district has the following policy relating to vacation and sick leave:

Employees earn from one to three weeks of annual leave and from one to three weeks of sick leave per year depending on their length of employment.

Employees are allowed to carryover 300 hours of annual leave, 360 hours of comp time, and 40 hours of sick leave. At termination or retirement, employees receive cash payments for unused leave.

The District accounts for compensated absences in accordance with GASB No. 16. Because the current and noncurrent portion cannot be reasonably estimated, all costs are considered current and are included in the general fund.

M. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. For the year reported, the district had no long-term obligations.

N. FUND EQUITY

All fund equity was unreserved and undesignated.

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**

Chauvin, Louisiana

Notes to the Financial Statements

As of and for the year ending June 30, 1999

2. REVENUE

Act 1407 in 1997 created a levee district consisting of Terrebonne Parish and designated it as the Terrebonne Levee and Conservation District. In the year ended June 30, 1999, the Terrebonne Levee and Conservation District levied a 4.89 mills tax on all of the property subject to taxation in Terrebonne Parish. The South Terrebonne Parish Tidewater Management and Conservation District received \$978,153 of this tax in the year ended June 30, 1999.

The District has also received revenue directly from the State of Louisiana through the Department of Transportation and Development (DOTD). The District received allocations from the State to be used for flood protection projects. Revenue from these allocations is recognized by the "expenditure driven" method, whereby revenue is recognized as qualified expenditures are incurred. Revenues from the State of Louisiana through DOTD were \$408,896 for the year ended June 30, 1999.

The District received funding for marsh enhancement projects from the Department of Natural Resources, an agency of the State of Louisiana. For the fiscal year ended June 30, 1999, revenues from the Department of Natural Resources relating to these agreements was \$29,911.

The District received funding of \$23,939 in the year ended June 30, 1999 through the State of Louisiana's Department of Transportation and Development (DOTD) to be used to conduct surveys and provide engineering services necessary to comply with the DOTD's In-Kind matching requirements for a feasibility study being conducted in conjunction with the U.S. Army Corp of Engineers. The study generally consists of surveying and hydraulics investigations necessary for the design of hurricane protection in Terrebonne and Lafourche parishes and is part of a feasibility study for flood protection projects in the Atchafalaya Basin from Morganza, Louisiana to the Gulf of Mexico.

During the year ended June 30, 1999, the District received \$26,157 from the Louisiana Department of Military Affairs.

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
Notes to the Financial Statements
As of and for the year ending June 30, 1999

3. CASH AND CASH EQUIVALENTS

At June 30, 1999, the South Terrebonne Parish Tidewater Management and Conservation District has cash and cash equivalents totaling \$1,548,057 as follows:

Petty cash	\$	300
Interest-bearing demand deposits		21,963
U.S. Treasury Money Market		<u>1,525,794</u>
Total	\$	<u><u>1,548,057</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 1999, the South Terrebonne Parish Tidewater Management and Conservation District has \$42,507 in deposits (collected bank balances). These deposits are secured from risk by \$42,507 of federal deposit insurance. The U.S. Treasury Money Market of \$1,548,057 is uninsured and uncollateralized (GASB Category 3).

4. RECEIVABLES

The receivables of \$153,878 at June 30, 1999, are as follows:

Class of Receivable		General Fund
		<u> </u>
Intergovernmental:		
Dept. of Natural Resources	\$	20,906
State of Louisiana		<u>132,972</u>
Total	\$	<u><u>153,878</u></u>

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**

Chauvin, Louisiana

Notes to the Financial Statements

As of and for the year ending June 30, 1999

5. FIXED ASSETS

The changes in general fixed assets follow:

	Balance, June 30, 1998	Additions	Deletions	Balance, June 30, 1999
Hurricane protection system	\$ 37,882,014	\$ 439,253		\$ 38,321,267
Equipment	591,580	46,306		637,886
Total	\$ <u>38,473,594</u>	\$ <u>485,559</u>		\$ <u>38,959,153</u>

6. RETIREMENT SYSTEM

Substantially all employees of the District are members of the Louisiana State Employees Retirement System (System), a cost sharing, multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time District employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 1999 is 12.4%. The District's contributions to the System for the years ending June 30, 1999, 1998, and 1997 were \$29,373, \$27,713, and 27,303 respectively, equal to the required contributions for each year.

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**

Chauvin, Louisiana

Notes to the Financial Statements

As of and for the year ending June 30, 1999

7. HEALTH CARE

The District provides health insurance to all employees of the District at no cost to the employees. The cost to the District for this insurance was approximately \$39,000 for the year ended June 30, 1999.

8. MERGER INTO TERREBONNE LEVEE AND CONSERVATION DISTRICT

As of January 10, 2000, the South Terrebonne Parish Tidewater Management and Conservation District merged with the North Terrebonne Drainage and Conservation District to operate as Terrebonne Levee and Conservation District.

9. LITIGATION AND CLAIMS

At June 30, 1999, there were several pending lawsuits against the District resulting from the expropriation and appropriation of property for levee purposes along Bayou Terrebonne in 1992. The attorney for the District has stated that many have been dismissed; however, the remainder of the cases may begin in the very near future. Therefore, it is difficult to estimate the potential liability of the District for these actions. Regardless of the District's potential liability, defense costs may exceed \$10,000 in order to protect the interest of the District.

An additional lawsuit was filed against the District in February 2000 regarding the activity of the District that occurred in 1999 in preparation of the construction of a levee. The attorney estimates the District's potential exposure to be less than \$20,000.

Supplemental Information Schedules

**SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT
Chauvin, Louisiana
Schedule of Per Diems Paid to Commissioners
and Salary Payments Paid to Managers
For the Year Ended June 30, 1999**

	Per Diem \$	Number of Days	Limit	Total Payment
<u>Commissioners</u>				
Philip Fanguy, President	75	31	24	\$ 1800
S. T. Kennedy	75	29	24	1800
Allan Luke	75	27	24	1800
Robert Marmande	75	28	24	1800
Gilbert Talbot	75	29	24	1800
Thomas Naquin	75	32	24	1800
Aloysius Poiencot	75	30	24	1800
Total payments				\$ <u>12,600</u>
<u>Payments to officers and managers:</u>				
Jerome Zeringue, Operations Manager Salary payment				\$ <u>52,677</u>

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 1999

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>	<u>Additional Explanation</u>
<u>98-1</u>	<u>Jun-97</u>	<u>See below</u>	<u>Yes See below</u>		<u>See below</u>

Description of Finding:

Actual revenues had a deficit of more than 5% of budgeted amounts for both years ended June 30, 1998 and June 30, 1997. This is a violation of LSA-RS 39:34.

Corrective Action taken:

The District's management monitored the budget versus actual comparison throughout the year and advised the Board of Commissioners when an amended budget was necessary.

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
Corrective Action Plan for
Current Year Audit Findings
For the Year Ended June 30, 1999

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
None				

Description of Finding:

There are no findings required to be reported.

Corrective Action Planned:

**Other Report Required by
*Governmental Auditing Standards***

Report on Compliance and on Internal control

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
South Terrebonne Parish Tidewater
Management and Conservation District

We have audited the general purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, as of and for the year ended June 30, 1999, and have issued our report thereon dated June 26, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

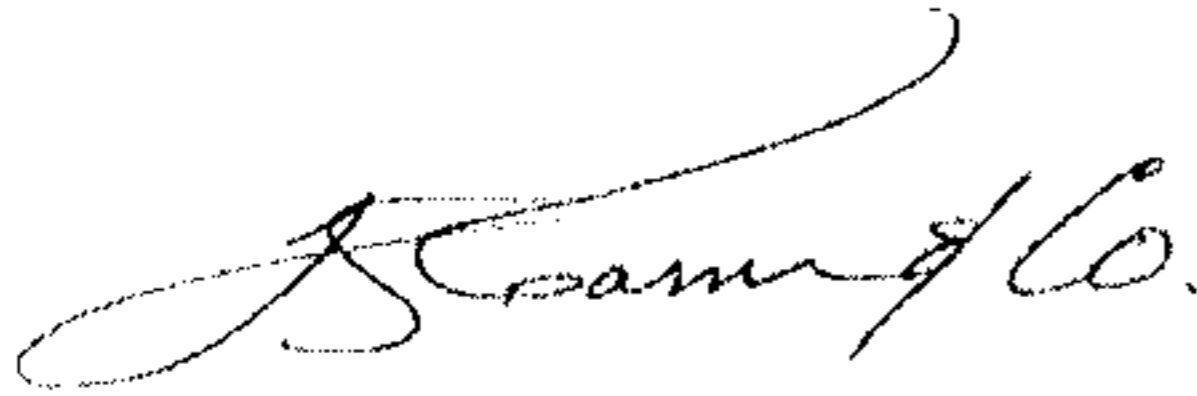
As part of obtaining reasonable assurance about whether the South Terrebonne Parish Tidewater Management and Conservation District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the South Terrebonne Parish Tidewater Management and Conservation District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that would be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving

the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script, appearing to read "T. S. Kearns & Co.", is written in black ink.

June 26, 2000