



Bourgeois Bennett

**INDEPENDENT AUDITOR'S SINGLE AUDIT REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

To the Sales and Use Tax Advisory Board,
Terrebonne Parish Sales and Use Tax Department,
Houma, Louisiana.

We have audited the general purpose financial statements of the Terrebonne Parish Sales and Use Tax Department (the Department), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 21, 1997.

In connection with our audit of the general purpose financial statements of the Department, and with our consideration of the Departments' internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits of State and Local Governments, we selected certain transactions applicable to the nonmajor federal financial assistance program for the year ended December 31, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed and matching requirements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Department's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Department had not complied, in all material respects, with those requirements.

This report is intended for the information of the Advisory Board, management, various federal and state audit agencies, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 21, 1997.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

To the Sales and Use Tax Advisory Board,
Terrebonne Parish Sales and Use Tax Department,
Houma, Louisiana.

We have audited the general purpose financial statements of the Terrebonne Parish Sales and Use Tax Department (the Department), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, for the year ended December 31, 1996, and have issued our report thereon dated February 21, 1997. These general purpose financial statements are the responsibility of the Department'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 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 21, 1997.

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 1996

Federal Granting Agency/ Recipient State Agency/ Grant Program	Grant Number	Federal Catalog Number
Department of Labor		
Pass Through Payments:		
Louisiana Department of Social Services State Administrative Matching Grant for Food Stamp Program	1/1/96 - 12/31/96	10.561
Nonmonetary Assistance		
Food Stamp Program	1/1/96 - 12/31/96	10.551

* Major Program

** The Terrebonne Parish Sales and Use Tax Department administers the collection and distribution of the 3 3/4% sales tax and the food stamp program for Terrebonne Parish. The operating expenditures for the food stamp program are deducted from the Terrebonne Parish Consolidated Government's share of tax collections. The Federal 50% administrative match is received directly by the Parish and recorded as revenue in the Parish's General Fund.

See notes to schedule of federal financial assistance.

<u>Grant Revenues</u>			<u>Accrual Basis</u>	<u>Other Revenues</u>		<u>Issues/ Expenditures</u>
<u>Received - Cash Basis</u>	<u>Less Prior Year's Accrual</u>	<u>Add Current Year's Accrual</u>		<u>Accrual Basis</u>	<u>Local</u>	
<u>\$ 34,092</u>	<u>\$ 2,738</u>	<u>\$ 6,720</u>	<u>\$ 38,074</u>	<u>\$ 39,209</u>	<u>**</u>	<u>\$ 77,283</u>
						<u>\$ 12,445,896</u>

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Terrebonne Parish Sales and Use Tax Department

December 31, 1996

Note 1 - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-128, SINGLE AUDIT ACT OF 1984

All Federal grant awards of the Terrebonne Parish Sales and Use Tax Department are included in the scope of the OMB Circular A-128, Single Audit Act of 1984. The United States Department of Education is the Department's cognizant federal audit agency and the Louisiana Department of Social Services is the state cognizant audit agency for the single audit.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Financial Assistance has been prepared on the accrual basis of accounting. Accrued revenue at year end represents entitlements not yet received. Deferred revenue at year end represents funds received in excess of reimbursable expenditures incurred.



Bourgeois Bennett

COMMUNICATIONS WITH ADVISORY BOARD

To the Sales and Use Tax Advisory Board,
Terrebonne Parish Sales and Use Tax Department,
Houma, Louisiana.

In fulfilling our responsibility as Terrebonne Parish Sales and Use Tax Department auditors for the year ended December 31, 1996, we are required to communicate to the Advisory Board certain matters related to the conduct of our audit.

1) AUDITOR'S RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

Our audit was conducted in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget (OMB) Circular A-128; and Audits of State and Local Governments which require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatements.

As required, separate letters have been issued on the internal control structure and compliance with laws and regulations.

We have complied with the requirements of the Single Audit Act and OMB Circular A-128.

2) SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted nor required to be adopted for the year ended December 31, 1996.

This information is intended solely for the use by the Advisory Board and management of Terrebonne Parish Sales and Use Tax Department and should not be used for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 21, 1997.

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Note 10 - LEASE COMMITMENTS (Continued)

Commitments under this lease agreement provides for future minimum rental payments as follows:

1997	\$23,100
1998	<u>19,250</u>
Total	<u>\$42,350</u>

Rental expenditures incurred under this lease amounted to \$23,100 during the period December 31, 1996.

Note 11 - COMMITMENTS AND CONTINGENCIES

The Department has been named as a defendant in a class action lawsuit along with the State of Louisiana and every Louisiana Parish's Sales and Use Tax Department. The plaintiffs allege that they purchased vehicles outside the State of Louisiana and were not giving credit for sales taxes paid when they moved to Louisiana. They seek a refund of these particular taxes. The suit is being protested by the State of Louisiana and various other Parish's Sales and Use Tax Department and the liability, if any, is not known.

Note 12 - RISK MANAGEMENT

The Department participates in Terrebonne Parish's (oversight entity) risk management internal service funds for general liability and workers compensation. The Department's premiums for general liability is based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers compensation is based on a fixed percentage of payroll. Terrebonne Parish handles all claims filed against the Department. The Department does not have any additional exposure unless the claims exceed the Parish's insurance contracts.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S SINGLE AUDIT OPINION ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Sales and Use Tax Advisory Board,
Terrebonne Parish Sales and Use Tax Department,
Houma, Louisiana.

We have audited the general purpose financial statements of Terrebonne Parish Sales and Use Tax Department (the Department), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 21, 1997. We have also audited the Department's compliance with the requirements governing issuance activities (food stamp inventory; physical security and safeguard of coupons and ATP cards) and reporting that are applicable to its major federal financial assistance program, which is identified in the accompanying schedule of federal financial assistance, for the year ended December 31, 1996. The management of the Department is responsible for the Department's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Department complied, in all material respects, with the requirements governing issuance activities (food stamp inventory; physical security and safeguard of coupons and ATP cards) and reporting that are applicable to its major federal financial assistance program for the year ended December 31, 1996.

This report is intended for the information of the Advisory Board, management, various federal and state audit agencies, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 21, 1997.

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COMMUNICATIONS LETTER

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Long-Term Debt (Continued)

reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term debt expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The Long-Term Debt Account Group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

h) Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as an expenditure of the period in which paid.

Employees of the Department can earn twelve or seventeen days per year vacation leave, depending on their length of employment.

All employees are required to take vacation within one year of being earned, with no carryforward provisions. If the employees fail to take the vacation leave, the employee forfeits this time for this particular year, whereas this time is held for retirement purposes. In the event, however, the employees are terminated or resigns, all vacation leave not lost through forfeiture will be paid to them.

Employees of the Department earn seven days sick leave per year and are permitted to accumulate a maximum of 60 days. Upon retirement from the Parochial Employees' Retirement System, sick leave is paid up to one half of their accumulated sick leave to a maximum of 30 days. The days greater than the 30 are used in the computation of monthly retirement benefits.

i) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the Department.

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Financial Report

Terrebonne Parish Sales and Use Tax Department

Houma, Louisiana

December 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 APR 16 1997

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December 31, 1996

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Sales and Use Tax Advisory Board,
Terrebonne Parish Sales and Use Tax Department,
Houma, Louisiana.

We have audited the accompanying general purpose financial statements of the Terrebonne Parish Sales and Use Tax Department (the Department), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Department'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 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 Department as of December 31, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed in the table of contents as Schedule 1 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Department. This 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 such financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated February 21, 1997 on our consideration of the Terrebonne Parish Sales and Use Tax Department's internal control structure and a report dated February 21, 1997 on its compliance with laws and regulations.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 21, 1997.

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS

Terrebonne Parish Sales and Use Tax Department

December 31, 1996

	Governmental Fund Type General	Fiduciary Fund Type Agency
Assets		
Cash	\$ 8,106	\$ 3,916,824
Investments	-	15,306
Taxes receivable	-	5,144,362
Due from agency fund	19,038	-
Due from other governmental units	-	432
Fixed assets	-	-
Amount to be provided for retirement of long-term debt	-	-
	-	-
Totals	<u>\$ 27,144</u>	<u>\$ 9,076,924</u>
Liabilities		
Accounts payable and accrued expenditures	\$ 25,880	\$ 2,058
Due to deferred compensation program	-	15,306
Due to general fund	-	19,038
Due to other governmental units:		
Terrebonne Parish School Board	-	5,012,398
Terrebonne Parish Consolidated Government	1,264	3,401,236
Terrebonne Parish Sheriff	-	610,911
Houma-Terrebonne Tourist Commission	-	15,977
Long-term obligations	-	-
	-	-
Total liabilities	<u>27,144</u>	<u>9,076,924</u>
Fund Equity and Other Credits		
Investment in general fixed assets	-	-
	-	-
Totals	<u>\$ 27,144</u>	<u>\$ 9,076,924</u>

See notes to financial statements.

General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
\$ -	\$ -	\$ 3,924,930
-	-	15,306
-	-	5,144,362
-	-	19,038
-	-	432
105,688	-	105,688
-	23,221	23,221
<u>\$ 105,688</u>	<u>\$ 23,221</u>	<u>\$ 9,232,977</u>
	\$ -	\$ 27,938
	-	15,306
	-	19,038
	-	5,012,398
	-	3,402,500
	-	610,911
	-	15,977
	23,221	23,221
	<u>23,221</u>	<u>9,127,289</u>
<u>\$ 105,688</u>	<u>-</u>	<u>105,688</u>
<u>\$ 105,688</u>	<u>\$ 23,221</u>	<u>\$ 9,232,977</u>

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

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes - sales and use	\$ 621,037	\$ 617,992	\$ (3,045)
Charges for services	19,395	19,376	(19)
Licenses	14,400	14,400	-
Miscellaneous:			
Interest	16,060	16,059	(1)
Other	305	302	(3)
Total revenues	<u>671,197</u>	<u>668,129</u>	<u>(3,068)</u>
Expenditures			
Current:			
General Government:			
Personal services	273,690	273,949	(259)
Supplies and materials	37,762	37,750	12
Other services and charges	263,340	260,054	3,286
Repairs and maintenance	7,695	7,687	8
Capital expenditures	11,410	11,406	4
Total general government	<u>593,897</u>	<u>590,846</u>	<u>3,051</u>
Health and welfare:			
Personal services	55,450	55,444	6
Supplies and materials	825	822	3
Other services and charges	20,865	20,858	7
Repairs and maintenance	160	159	1
Total health and welfare	<u>77,300</u>	<u>77,283</u>	<u>17</u>
Total expenditures	<u>671,197</u>	<u>668,129</u>	<u>3,068</u>
Excess of Revenues Over Expenditures	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund Balance			
Beginning of year		<u>-0-</u>	
End of year		<u>\$ -0-</u>	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Sales and Use Tax Department**

December 31, 1996

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Terrebonne Parish Sales and Use Tax Department was created October 14, 1964, in compliance with Act 500 of 1964, of the State of Louisiana. The Sales and Use Tax Department administers the collection and distribution of the approved 3 3/4% sales tax, hotel/motel tax, occupational licenses and food stamp program.

Tax collections, after deducting operating expenses for both the Sales and Use Tax and Food Stamp Departments, are distributed in the month following receipt. Expenses of the Food Stamp Department are deducted from the Terrebonne Parish Consolidated Government's share of the levy. The first levy of 1% made in 1964 is divided between the Terrebonne Parish School Board, which receives 33%, and the Terrebonne Parish Consolidated Government, which receives 67%. The second levy of 1% made in 1976 is divided between the Terrebonne Parish School Board, which receives 75%, and the Terrebonne Parish Consolidated Government, which receives 25%. The 1/4% levy effective January 1, 1987 is remitted to the Terrebonne Parish Law Enforcement District. The two 1/4% levies effective January 1, 1993 is remitted to the Terrebonne Parish Consolidated Government with 1/4% dedicated to Drainage and 1/4% dedicated to Roads and Bridges. Additionally, a 1% levy became effective July 1, 1996 which is remitted to the Terrebonne Parish School Board. The Hotel/Motel tax of 3% is remitted solely to the Houma-Terrebonne Tourist Commission.

The accounting policies of the Terrebonne Parish Sales and Use Tax Department (the Department) conform to generally accepted accounting principles as applicable to governments.

a) Reporting Entity

The Department is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 1996.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting

The Department 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 and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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 available financial resources.

The Department has the following fund types and account groups:

Governmental Funds

Governmental Funds are those through which the governmental functions of the Department are financed. The acquisition, use and balances of the Department's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the Department:

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

Fiduciary Funds

Fiduciary Funds account for assets held by the Department in a trustee capacity or as an agent on behalf of others.

Agency Fund - An Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. Agency Funds are accounted for in essentially the same manner as Governmental Funds. This fund is used to account for assets that the Department holds for others in an agency capacity.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Operating Budgetary Data (Continued)

transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Parish. The budget was amended one time. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end. The budget for the General Fund is adopted on a basis materially consistent with generally accepted accounting principles.

e) Bad Debts

The financial statements of the Department contain no allowance for bad debts. Uncollectible amounts due for 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 operation of the General Fund.

f) General Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of financial position.

It is not involved with the measurement of results of operations. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated.

g) Long-Term Debt

The accounting and reporting treatment applied to the long-term debt associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN
AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Sales and Use Tax Advisory Board,
Terrebonne Parish Sales and Use Tax Department,
Houma, Louisiana.

We have audited the general purpose financial statements of the Terrebonne Parish Sales and Use Tax Department (the Department), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 21, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Department, is the responsibility of the Department's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Department's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

This report is intended for the information of the Advisory Board, management, various federal and state audit agencies, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 21, 1997.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Total Column on Combined Statements - Overview

The total column on the combined statements - overview is captioned memorandum only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - CASH AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of 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 trust company for the account of the political subdivision.

During the year all collections of taxes are deposited in an interest earning checking account. All cash accounts in excess of the FDIC insurance are collateralized by securities held by the Federal Reserve in the name of the financial institution pledged to the Department.

Note 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January <u>1, 1996</u>	<u>Additions</u>	Balance December <u>31, 1996</u>
Furniture and fixtures	<u>\$94,282</u>	<u>\$11,406</u>	<u>\$105,688</u>

Note 4 - LONG-TERM DEBT

The Department's commitment to fund accumulated unpaid vacation from future operations has been recorded in the General Long-Term Debt Account Group at December 31, 1996.

The following is a summary of changes in the long-term debt of the Department for the year ended December 31, 1996:

	Payable January <u>1, 1996</u>	Net Increase	Payable December <u>31, 1996</u>
Accumulated vacation	\$ 8,874	\$ 942	\$ 9,816
Accumulated sick leave	<u>12,817</u>	<u>588</u>	<u>13,405</u>
Totals	<u>\$21,691</u>	<u>\$1,530</u>	<u>\$23,221</u>

Note 5 - DEFERRED COMPENSATION PLAN

Full-time employees of the Department have the option to participate in a deferred compensation program. The maximum compensation that may be deferred under the plan for the participant's taxable year shall not exceed certain percentages of compensation permissible by law. Additional deferrals are allowed in certain years prior to retirement.

The Department has the responsibility for withholding and remitting contributions from participants to the plan. Four employees of the Department are participants in the plan. The Public Employees Benefit Services Corporation, who serves as administrator, has the responsibility for maintaining a deferred account with respect to each participant, investing the participant's account in accordance with the participant's investment specification and reporting annually to the participant on the status of the plan.

All assets of the plan, including all deferred amounts and all income attributable to such deferred amounts are the assets of the Department and are subject to all the claims of creditors of the Department. Legally, the amounts deferred are the property of the employer, even though the funds have been earned by the employee and represent a portion of the employee's gross salary. Legal ownership of the plan assets does not vest with the employee until those amounts become due and payable to the employee under the terms of the plan. A participant who becomes eligible to receive distributions from the plan but chooses instead to receive the deferred amounts over a period of time remains a general creditor the same as those participants who are still active or otherwise ineligible. If the

Note 5 - DEFERRED COMPENSATION PLAN (Continued)

deferred amounts and related earnings are placed in a legal trust for the participants or are otherwise beyond the reach of the government or its general creditors at any time before actual payment, these amounts become taxable income to the participants.

Note 6 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Department contributes to Plan B of the Parochial Employees' Retirement System Pension Plan (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana. PERS provides retirement, disability benefits and death benefits to plan members and beneficiaries. PERS is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2015, specifically, and other general laws of the State of Louisiana. The PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, Louisiana, USA 70898-4619.

Funding Policy - Plan members are required to contribute 2% of their annual covered salary less \$100 per month and the Department is required to contribute at an actuarially determined rate. The current rate is 1% of annual covered payroll. The contribution requirements of plan members and the Department are established and may be amended by the PERS Board of Trustees. The Department's contributions to PERS for the years ending December 31, 1996, 1995 and 1994 were \$2,370, \$2,303 and \$3,509, respectively, equal to the required contributions for each year.

Note 7 - FOOD STAMP PROGRAM

The Food Stamp Program is operated by the Department under an agreement with the Parish and the Louisiana Department of Social Services. Under this program, the Department is responsible for the issuance of food stamps to eligible participants in the Parish. The value of food stamps on hand, received and issued are not recorded in the accompanying statements. Activity for the year follows:

Balance at January 1, 1996	\$ 3,073,035
Received - net of \$126 credit	12,855,836
Issued	<u>12,445,896</u>
Balance at December 31, 1996	<u>\$ 3,482,975</u>

Note 7 - FOOD STAMP PROGRAM (Continued)

The Louisiana Department of Social Services (DSS) notified the Department in November, 1996 of their intention to issue Food Stamp benefits through Louisiana's Electronic Benefit Transfer system. Once the system is determined to be functioning properly, DSS will begin statewide implementation of the system by a phased roll-out by Region. Terrebonne Parish's roll-out is scheduled for November, 1997. This will eliminate the Parish's food stamp issuance office.

Note 8 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS

The Department provides for the payment of hospitalization and life insurance premiums for two retired employees as approved by the Terrebonne Parish Council. The Department will fund the entire premium for all employees retiring with at least ten years of service or retiring from the formal retirement systems. A retired employee may provide dependent hospitalization coverage at a cost ranging from \$40 to \$44 per month depending on their retirement date. The cost of providing these benefits is recognized as an expenditure in the General Fund as premiums are paid. For the year ended December 31, 1996, this cost was approximately \$11,300.

Future liabilities under the Department's plan for potentially eligible employees are dependent upon the age and length of service of those employees. The average employee age and service years are not available. At December 31, 1996, the average hospitalization and life insurance costs per retired employee was approximately \$470 per month.

Note 9 - COMPENSATION OF ADVISORY BOARD

The Department did not pay per diem to any of its Board Members in 1996.

Note 10 - LEASE COMMITMENTS

In 1992 the Department entered into a lease for the rental of office space for a term of three years. During 1995, the lease was extended for an additional three years. The initial annual rate shall be subject to an adjustment as of each January 1 during the term to reflect the lessee's proportion of any increases in the lessor's operation expenses, together with the amount of real property taxes or assessments levied.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
PARISH SALES TAX FUND

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 1996

Cash at beginning of year	<u>\$ 2,485,360</u>
Cash receipts:	
Sales and use taxes (net of refunds of \$33,882)	40,181,320
Hotel/motel taxes	227,108
Occupational license	435,632
Miscellaneous:	
Interest	15,997
Other	<u>17,026</u>
Total cash receipts	<u>40,877,083</u>
Total cash available	<u>43,362,443</u>
Cash disbursements:	
Distributions to other governmental units:	
Terrebonne Parish School Board	17,452,510
Terrebonne Parish Consolidated Government	18,087,398
Terrebonne Parish Sheriff	3,033,596
Houma-Terrebonne Tourist Commission	198,099
Miscellaneous	17,126
Distributions to the General Fund	<u>656,890</u>
Total cash disbursements	<u>39,445,619</u>
Cash at end of year	<u>\$ 3,916,824</u>



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Sales and Use Tax Advisory Board,
Terrebonne Parish Sales and Use Tax Department,
Houma, Louisiana.

We have audited the general purpose financial statements of the Terrebonne Parish Sales and Use Tax Department (the Department), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 21, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

The management of the Department is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Department, we obtained an understanding on the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operations that we consider to be material weaknesses.

This report is intended for the information of the Advisory Board, management, various federal and state audit agencies, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, LLC

Certified Public Accountants.

Houma, La.,
February 21, 1997.



Bourgeois Bennett

**SINGLE AUDIT REPORT ON THE INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Sales and Use Tax Advisory Board,
Terrebonne Parish Sales and Use Tax Department,
Houma, Louisiana.

We have audited the general purpose financial statements of the Terrebonne Parish Sales and Use Tax Department (the Department), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 21, 1997. We have also audited the Department's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated February 21, 1997.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Department complied with laws and regulations, non-compliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended December 31, 1996, we considered the Department's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Department's general purpose financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated February 21, 1997.

The management of the Department is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and re-

corded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting

- Revenue and receivables
- Employee compensation
- Payables and accrued liabilities

General Requirements

- Political activity
- Civil rights

Specific Requirements

- Types of services allowed or not allowed
- Matching, level of effort
- Reporting

Issuance Activities

- Physical security and safeguard of coupons and ATP cards
- Food stamp inventory

For all of the internal control structure categories listed on the previous page, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1996, the Department issued/expended 99.4 percent of its total federal financial assistance under one major federal financial assistance program, the food stamp program.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements,

general requirements and issuance activities that are applicable to the Department's major federal financial assistance program which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Advisory Board, management, various federal and state audit agencies, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 21, 1997.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

Account Groups

The General Fixed Assets Account Group is used to account for fixed assets not accounted for in proprietary or trust funds. The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" when in the hands of the merchants and are recognized as revenue at that time. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash by the Department because they are generally not measurable until actually 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 the accumulated unpaid vacation, sick pay and other employee amounts which are not accrued.

d) Operating Budgetary Data

The Department establishes the budgetary data reflected in the financial statements as follows:

The Director submits to the members of the Sales and Use Tax Advisory Board a proposed operating budget for the year commencing the following January 1, and upon approval by the Advisory Board, the budget is submitted to the Council of the Parish. The public hearings and advertisements, which are required by state law, were conducted. All actions necessary to adopt and otherwise finalize and implement the budget for an ensuing year are taken prior to the end of the year in progress. The budget is legally enacted through passage of an ordinance. Any amendment involving the