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Financial Report

Terrebonne Association for Retarded Citizens, Inc.

Houma, Louisiana

June 30, 1997

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 FEB 11 1998

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Terrebonne Association for Retarded Citizens, Inc.,
Houma, Louisiana.

We have audited the accompanying general purpose financial statements of Terrebonne Association for Retarded Citizens, Inc. (the Association), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Association'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 Terrebonne Association for Retarded Citizens, Inc. as of June 30, 1997, 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 October 13, 1997 on our consideration of Terrebonne Association for Retarded Citizens, Inc.'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 Terrebonne Association for Retarded Citizens, Inc. taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
October 13, 1997.

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**Terrebonne Association for Retarded Citizens, Inc.**

June 30, 1997

	Governmental	Fiduciary	Account Groups		Total (Memorandum Only)
	Fund Type Special Revenue	Fund Type Agency	General Fixed Assets	Long- Term Obligations	
ASSETS AND OTHER DEBITS					
Assets					
Cash	\$ 338,711	\$ -	\$ -	\$ -	\$ 338,711
Investments	2,023,295	9,947	-	-	2,033,242
Receivables:					
Accounts	36,547	-	-	-	36,547
Other	570	-	-	-	570
Due from other governmental units	211,047	-	-	-	211,047
Due from other funds	120,498	-	-	-	120,498
Prepaid insurance	11,648	-	-	-	11,648
Inventory	69,499	-	-	-	69,499
Deposits	6,422	-	-	-	6,422
Fixed assets	-	-	4,019,923	-	4,019,923
Other Debits					
Amount to be provided for retirement of general long-term obligations	-	-	-	144,434	144,434
Total assets and other debits	\$ 2,818,237	\$ 9,947	\$ 4,019,923	\$ 144,434	\$ 6,992,541
LIABILITIES, EQUITY AND OTHER CREDITS					
Liabilities					
Accounts payables and accrued expenditures	\$ 287,010	\$ 9,947		\$ -	\$ 296,957
Due to other funds	120,498	-		-	120,498
Compensated absences payable	-	-		144,434	144,434
Total liabilities	407,508	9,947		144,434	561,889
Other Credits					
Investment in general fixed assets			\$ 4,019,923		4,019,923
Fund balances:					
Reserved:					
Inventory	69,499				69,499
Donations	14,299				14,299
Subsequent year expenditures	11,717				11,717
Unreserved - undesignated	2,315,214				2,315,214
Total fund balances	2,410,729				2,410,729
Total equity and other credits	2,410,729		4,019,923		6,430,652
Total liabilities, equity and other credits	\$ 2,818,237	\$ 9,947	\$ 4,019,923	\$ 144,434	\$ 6,992,541

See notes to financial statements.

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

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

	Special Revenue		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Intergovernmental	\$ 2,107,236	\$ 2,108,929	\$ 1,693
Charges for services	2,009,626	2,064,041	54,415
Miscellaneous	187,784	199,289	11,505
Total revenues	<u>4,304,646</u>	<u>4,372,259</u>	<u>67,613</u>
Expenditures			
Current:			
Health and welfare:			
Personal services	2,674,518	2,602,849	71,669
Supplies and materials	408,545	382,818	25,727
Other services and charges	516,956	504,658	12,298
Repairs and maintenance	137,703	150,100	(12,397)
Capital expenditures	364,398	350,159	14,239
Total expenditures	<u>4,102,120</u>	<u>3,990,584</u>	<u>111,536</u>
Excess of revenues over expenditures	<u>202,526</u>	<u>381,675</u>	<u>179,149</u>
Other Financing Sources (Uses)			
Operating transfers in	1,131,035	1,244,540	113,505
Operating transfers out	<u>(1,131,035)</u>	<u>(1,244,540)</u>	<u>(113,505)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 202,526</u>	<u>381,675</u>	<u>\$ 179,149</u>
Fund Balance			
Beginning of year		<u>2,029,054</u>	
End of year		<u>\$ 2,410,729</u>	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Association for Retarded Citizens, Inc.**

June 30, 1997

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Association for Retarded Citizens, Inc. (the Association) conform to 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. The following is a summary of significant accounting policies:

a) Reporting Entity

The Terrebonne Association for Retarded Children, Inc. was organized as a nonprofit corporation on March 21, 1962. On March 1, 1979, the corporation's name was changed to Terrebonne Association for Retarded Citizens, Inc. The Association administers programs to provide for the needs of the mentally retarded. Tax exempt status has been granted under Internal Revenue Code Section 501(c)3.

The Association is a component unit of the Terrebonne Parish Consolidated Government (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, 1997.

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) Fund Accounting

The Association 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

Governmental Funds

Governmental Funds are those through which most governmental functions of the Association are financed. The acquisition, use and balances of the Association'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 Association:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary Fund

Fiduciary Funds are those to account for assets held by the Association in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the Fiduciary Fund of the Association:

Agency Fund - The Agency Fund is used to account for assets of the deferred compensation plan held by the Association in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 Obligations Account Group is used to account for general long-term obligations and certain other liabilities that are not specific liabilities of proprietary or trust fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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. The Association's intergovernmental fundings are described in Note 3. Miscellaneous revenues are recorded as revenues when received in cash by the Association because they are generally not measurable until actually received. Charges for services are recorded when earned since they are measurable and available.

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 due.

d) Estimates

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

e) Operating Budgetary Data

The Association is a quasi-governmental entity which is not legally required to adopt budgets. Budgets for the Special Revenue Funds are adopted by the Board of Directors of the Association and submitted to the Parish for approval. The budget is adopted on an entity-wide basis. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end. Budgets are adopted on a basis materially consistent with generally accepted accounting principles.

f) Bad Debts

The financial statements of the Association contain no allowance for bad debts. 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 funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Investments

Investments are stated at cost, which approximates market.

h) Inventory

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

i) Fixed Assets and Long-Term Obligations

The accounting and reporting treatment applied to the fixed assets and long-term obligations 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 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.

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. 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. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Fixed assets with an estimated historical cost amounted to approximately \$538,390 or 13.39% of the total General Fixed Assets Account Group. Donated fixed assets are valued at their estimated fair value on the date donated.

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

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Donations

Donations are reserved by the Association to set aside donated funds for future client-related expenditures as specified by the donor or the Association.

l) Encumbrances

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

m) Prepaid Insurance

The Association has chosen to record prepaid insurance in its accounting records.

n) Allocation of Expenditures

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

o) Memorandum Only Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - DEPOSITS AND INVESTMENTS

It is the Association's policy to invest excess funds in obligations of the United States, certificates of deposit of state banks organized under laws of Louisiana and National Banks having their principal office in Louisiana or any other federally insured investment.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits:

The Association is a quasi-governmental entity which is not required to comply with Louisiana laws relating to collateralization of cash and investments. The Association, however, obtains collateralization for cash at financial institutions which is in excess of the FDIC insurance. Acceptable collateralization includes 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 with a trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Association or its agent, in the Association's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the Association's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent, but not in the Association's name, and deposits which are uninsured or uncollateralized.

At year end the carrying amount and the bank balances of deposits are as follows:

	Bank Balances		Book Balance
	Category		
	1	3	
Cash	\$130,506	\$237,171	\$ 336,586
Certificates of deposits	<u>400,000</u>	<u>500,000</u>	<u>900,000</u>
 Totals	 <u>\$530,506</u>	 <u>\$737,171</u>	 <u>\$1,236,586</u>

At June 30, 1997, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the depositors. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

It is the Association's policy to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the State of Louisiana Asset Management Pool.

The Association's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the Association or its agent in the Association's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent, in the Association's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the Association's name, uninsured and unregistered.

At year end the carrying amount and market value of investments are as follows:

	<u>Risk Category</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Investments subject to categorization:			
U.S. Treasury Bills	<u>\$300,000</u>	<u>\$ 300,000</u>	<u>\$ 292,511</u>
Investments not subject to categorization:			
Louisiana Asset Management Pool (LAMP)		823,295	823,295
Deferred Compensation Fund		<u>9,947</u>	<u>9,947</u>
Total investments not subject to categorization		<u>833,242</u>	<u>833,242</u>
Total investments		<u>\$1,133,242</u>	<u>\$1,125,753</u>

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments in the Louisiana Asset Management Pool and investments in the Deferred Compensation Fund are not categorized as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

A reconciliation of deposits and investments as shown on the Balance Sheet is as follows:

Cash on hand	\$ 2,125
Carrying amount of deposits	1,236,586
Carrying amount of investments	<u>1,133,242</u>
 Total	 <u>\$2,371,953</u>
 Cash	 \$ 338,711
Investments	<u>2,033,242</u>
 Total	 <u>\$2,371,953</u>

Note 3 - FUNDING POLICIES

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

The Association also receives contributions from the Parish. Monies from the Parish are primarily from a 5.22 mill parish-wide ad valorem tax for the purpose of operating, maintaining and constructing facilities for the mentally retarded. Contributions from the Parish are reported as intergovernmental revenue and amounted to \$1,400,850 during the year ended June 30, 1997.

If significant budget cuts are made at the federal, state and/or local government levels the amount of funds the Association receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Association will receive in the next fiscal year.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 1997 consisted of the following:

State of Louisiana -		
Department of Health and Hospitals:		
Office of Family Security:		
Title XIX - Per diem		\$ 80,961
Office for Citizens with		
Developmental Disabilities:		
Adult Habilitation	\$45,578	
Independent Apartment Living	18,069	
Infant	698	
Respite	2,742	
General	<u>5,000</u>	72,087
		<u>5,143</u>
Office of Family Support		
		158,191
Total State of Louisiana		
		22,307
Terrebonne Council on Aging		12,600
Terrebonne Parish Consolidated Government		9,253
Terrebonne Parish School Board		4,497
Special Education District #1, Parish of Lafourche		2,511
Lafourche Parish Council		<u>1,688</u>
Other governmental units		<u>\$211,047</u>
Total		

Note 5 - INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund receivables and payables consists of the following at June 30, 1997:

<u>Individual Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Special Revenue Funds:		
Operating Fund	\$120,498	\$ -
Infants Fund	-	698
School Fund	-	3,827
Adult Workshop Fund	-	31,423
Dixie Community Home Fund	-	21,971

Note 5 - INTERFUND RECEIVABLE AND PAYABLE BALANCES (Continued)

<u>Individual Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Special Revenue Funds: (Continued)		
Respite Fund	-	5,268
Independent Apartment Living Fund	-	14,557
Woodside Community Home Fund	-	20,602
Jane Community Home Fund	-	<u>22,152</u>
Totals	<u>\$120,498</u>	<u>\$120,498</u>

Note 6 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	<u>Balance July 1, 1996</u>	<u>Additions</u>	<u>Adjustment</u>	<u>Balance June 30, 1997</u>
Land and building	\$3,134,585	\$ 38,561	\$ (570,231)	\$2,602,915
Office furniture, equip- ment and fixtures	343,910	39,902	67,781	451,593
Machinery and equip- ment	<u>1,216,899</u>	<u>264,985</u>	<u>(516,469)</u>	<u>965,415</u>
Totals	<u>\$4,695,394</u>	<u>\$343,448</u>	<u>\$(1,018,919)</u>	<u>\$4,019,923</u>

The adjustment is based on the valuation of a physical inventory of items in the General Fixed Assets Account Group.

Note 7 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

A long-term liability for accumulated unpaid vacation and sick leave of \$144,434, which represents the Association's commitment to fund such costs from future operations, has been recorded in the General Long-Term Obligations Account Group at June 30, 1997.

Note 7 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS (Continued)

The following is a summary of the changes in long-term obligations of the Association for the year ended June 30, 1997:

Long-term obligations, July 1, 1996	\$140,447
Net increase in accumulated unpaid vacation and sick leave	<u>3,987</u>
Long-term obligations, June 30, 1997	<u>\$144,434</u>

Note 8 - RISK MANAGEMENT

The Association is exposed to various risks of losses related to medical benefits provided to its employees. The Association currently reports all of its risk management activities in its Operating Fund. The Association provides coverage under an insurance contract for allowable medical claims up to \$1,000,000. The policy provides for a deductible up to a maximum of \$15,000 for each person per contract period. Incurred claims have not exceeded this commercial coverage in any of the past three fiscal years. Each employee pays a portion of an assessed "premium" depending upon the type of coverage. This "premium" is determined based upon recent trends in actual claims experience of the Association and other health care industry-related costs estimates. Claim expenditures are reported when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

At June 30, 1997, \$28,135 was included in accrued expenditures for claim expenditure liabilities. This liability is the Association's best estimate based on information available. Changes in the reported liability during the past two years are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimate</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
1995 - 1996	\$42,527	\$480,548	\$499,535	\$23,540
1996 - 1997	\$23,540	\$272,892	\$268,297	\$28,135

Note 9 - DEFERRED COMPENSATION PLAN

At July 1, 1988, all employees of the Association had the option to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The maximum compensation that may be deferred under the plan for the participant's taxable year shall not exceed certain limits as defined by Internal Revenue Code Section 457. Additional deferrals are allowed in certain years prior to retirement. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The Association has the responsibility for withholding and remitting contributions from participants to the plan. Aetna Life Insurance and Annuity Company serves as administrator and 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 and the Association 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 Association and are subject to the claims of the Association's general creditors.

The Association has no liability for losses under the plan but it does have the duty of due care that would be required of an ordinary prudent investor. The Association believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The deferred compensation plan is accounted for in an Agency Fund. Activity of the fund for the year ended June 30, 1997 is as follows:

	<u>Balance July 1, 1996</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1997</u>
ASSETS				
Investments	<u>\$8,464</u>	<u>\$1,503</u>	<u>\$20</u>	<u>\$9,947</u>
LIABILITIES				
Due to Deferred Compensation Program	<u>\$8,464</u>	<u>\$1,503</u>	<u>\$20</u>	<u>\$9,947</u>

Note 10 - RETIREMENT PLAN

The Association established a Cash or Deferred Profit-Sharing Plan for its eligible employees as of January 1, 1994. Under this plan participating employees are permitted to make elective deferrals in any amount from 1% to 20% of their compensation and the Association will match an amount equal to 50% of the amount contributed by the employee not to exceed 1.5% of the employee's compensation. As of January 1, 1997, the Association will match an amount equal to 50% of the amount contributed by the employee not to exceed 3.0% of the employee's compensation. Employees are fully vested immediately upon participating in the plan. The Association's cost of the plan for the year ended June 30, 1997 is \$19,170.

Note 11 - RESERVES IN FUND BALANCE

A summary of changes in fund balance reserves follows:

	Balances July 1, <u>1996</u>	<u>Additions</u>	<u>Deletions</u>	Balances June 30, <u>1997</u>
Inventory	\$ 57,999	\$ 69,499	\$ 57,999	\$69,499
Donations	127,808	83,967	197,476	14,299
Subsequent year expenditures	<u>27,308</u>	<u>83,280</u>	<u>98,871</u>	<u>11,717</u>
Totals	<u>\$213,115</u>	<u>\$236,746</u>	<u>\$354,346</u>	<u>\$95,515</u>

The Association created the reserve for subsequent year expenditure to allow for future expenditures for the following:

Prepaid insurance	\$11,648
People first	<u>69</u>
Total	<u>\$11,717</u>

Note 12 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following individual funds had actual expenditures exceeding appropriations:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special Revenue Funds:			
School Fund	\$227,871	\$239,091	\$(11,220)
Adult Workshop Fund	2,069,133	2,088,932	(19,799)
Respite Fund	43,479	47,646	(4,167)
Independent Apartment Living Fund	74,226	80,551	(6,325)
Jane Community Home Fund	228,600	232,169	(3,569)

The over expenditures were funded by excess revenues or Operating Fund transfers.

Note 13 - LITIGATION

The Association is a defendant in a lawsuit arising out of the discharge of an employee. The petitioner seeks damages of \$70,000 plus damages for emotional distress for breach of contract and wrongful termination. Legal counsel engaged by the Association is not in a position to predict the eventual outcome. While it is not feasible to predict or determine the outcome of this matter, it is the opinion of management that the outcome will have no material adverse effect on the financial position of the Association.

Note 14 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended June 30, 1997.

SUPPLEMENTARY INFORMATION SECTION

SPECIAL REVENUE FUNDS

Operating Fund - Accounts for all financial resources used to provide for the needs of the mentally retarded except those required to be accounted for in another fund.

Infants Fund - Accounts for financial resources used to operate a program for the care of infants on a daily basis.

School Fund - Accounts for the financial resources used to provide for the educational needs of the mentally retarded through the School for Exceptional Children.

Adult Workshop Fund - Accounts for financial resources used to operate various day programs for the mentally retarded.

Dixie Community Home Fund - Accounts for financial resources used to provide for the needs of the residents of the Dixie Community Home.

Respite Fund - Accounts for financial resources used to operate a program for the care of clients on a temporary basis.

Independent Apartment Living Fund - Accounts for financial resources used to assist clients with daily living expenses.

Woodside Community Home Fund - Accounts for financial resources used to provide for the needs of the residents of the Woodside Community Home.

Jane Community Home Fund - Accounts for financial resources used to provide for the needs of the residents of the Jane Community Home.

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

Terrebonne Association for Retarded Citizens, Inc.

June 30, 1997

	<u>Operating Fund</u>	<u>Infants Fund</u>	<u>School Fund</u>	<u>Adult Workshop Fund</u>
Assets				
Cash	\$ 337,891	\$ -	\$ -	\$ 200
Investments	2,023,295	-	-	-
Receivables:				
Accounts	8,176	-	-	28,144
Other	41	-	-	529
Due from other governmental units	45,586	698	7,917	50,074
Due from other funds	120,498	-	-	-
Prepaid insurance	5,417	-	947	3,710
Inventory	30,979	-	-	38,520
Deposits	6,112	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,577,995</u>	<u>\$ 698</u>	<u>\$ 8,864</u>	<u>\$ 121,177</u>
Liabilities				
Accounts payable and accrued expenditures	\$ 205,786	\$ -	\$ 5,037	\$ 51,234
Due to other funds	-	698	3,827	31,423
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>205,786</u>	<u>698</u>	<u>8,864</u>	<u>82,657</u>
Fund Balances				
Reserved:				
Inventory	30,979			38,520
Donations	14,299			-
Subsequent year expenditures	11,717			-
Unreserved - undesignated	2,315,214			-
	<u> </u>			<u> </u>
Total fund balances	<u>2,372,209</u>			<u>38,520</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 2,577,995</u>	<u>\$ 698</u>	<u>\$ 8,864</u>	<u>\$ 121,177</u>

<u>Dixie Community Home Fund</u>	<u>Respite Fund</u>	<u>Independent Apartment Living Fund</u>	<u>Woodside Community Home Fund</u>	<u>Jane Community Home Fund</u>	<u>Total</u>
\$ 200	\$ 10	\$ -	\$ 210	\$ 200	\$ 338,711
-	-	-	-	-	2,023,295
112	4	25	16	70	36,547
-	-	-	-	-	570
28,201	7,742	18,069	25,620	27,140	211,047
-	-	-	-	-	120,498
665	214	-	398	297	11,648
-	-	-	-	-	69,499
80	-	-	115	115	6,422
<u>\$ 29,258</u>	<u>\$ 7,970</u>	<u>\$ 18,094</u>	<u>\$ 26,359</u>	<u>\$ 27,822</u>	<u>\$ 2,818,237</u>
\$ 7,287	\$ 2,702	\$ 3,537	\$ 5,757	\$ 5,670	\$ 287,010
21,971	5,268	14,557	20,602	22,152	120,498
<u>29,258</u>	<u>7,970</u>	<u>18,094</u>	<u>26,359</u>	<u>27,822</u>	<u>407,508</u>
					69,499
					14,299
					11,717
					<u>2,315,214</u>
					<u>2,410,729</u>
<u>\$ 29,258</u>	<u>\$ 7,970</u>	<u>\$ 18,094</u>	<u>\$ 26,359</u>	<u>\$ 27,822</u>	<u>\$ 2,818,237</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS**

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

	Operating Fund	Infants Fund	School Fund	Adult Workshop Fund
Revenues				
Intergovernmental:				
State of Louisiana:				
Department of Education	\$ -	\$ 1,135	\$ -	\$ -
Department of Health and Hospitals:				
Office for Citizens with Development Disabilities	-	-	-	481,881
Department of Social Services:				
Office of Family Support	61,710	-	-	-
Department of Transportation and Development	43,431	-	-	-
Terrebonne Parish Consolidated Government	1,400,850	-	-	-
Terrebonne Parish School Board	-	-	95,000	-
Charges for services	346,091	2,427	5,884	656,991
Miscellaneous:				
Interest	101,346	-	-	-
Donations and dues	87,445	-	-	-
Other	10,473	-	-	25
 Total revenues	 2,051,346	 3,562	 100,884	 1,138,897
 Expenditures				
Current:				
Health and welfare:				
Personal services	1,213,586	5,094	14,189	953,835
Supplies and materials	263,707	-	530	84,251
Other services and charges	193,279	943	22,062	171,977
Repairs and maintenance	112,118	-	1,948	23,854
Central administration and services	(1,276,203)	2,043	163,907	808,193
Capital expenditures	222,579	-	36,455	46,822
 Total expenditures	 729,066	 8,080	 239,091	 2,088,932
 Excess (deficiency) of revenues over expenditures (carry forward)	 1,322,280	 (4,518)	 (138,207)	 (950,035)

Dixie Community Home Fund	Respite Fund	Independent Apartment Living Fund	Woodside Community Home Fund	Jane Community Home Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,135
-	-	24,922	-	-	506,803
-	-	-	-	-	61,710
-	-	-	-	-	43,431
-	-	-	-	-	1,400,850
-	-	-	-	-	95,000
353,347	33,068	70,381	299,500	296,352	2,064,041
-	-	-	-	-	101,346
-	-	-	-	-	87,445
-	-	-	-	-	10,498
<u>353,347</u>	<u>33,068</u>	<u>95,303</u>	<u>299,500</u>	<u>296,352</u>	<u>4,372,259</u>
153,421	22,903	50,903	96,793	92,125	2,602,849
12,197	1,019	796	10,738	9,580	382,818
36,714	7,586	4,946	34,079	33,072	504,658
2,845	2,089	154	2,868	4,224	150,100
104,026	14,049	23,752	84,765	75,468	-
6,353	-	-	20,250	17,700	350,159
<u>315,556</u>	<u>47,646</u>	<u>80,551</u>	<u>249,493</u>	<u>232,169</u>	<u>3,990,584</u>
<u>37,791</u>	<u>(14,578)</u>	<u>14,752</u>	<u>50,007</u>	<u>64,183</u>	<u>381,675</u>

	Operating Fund	Infants Fund	School Fund	Adult Workshop Fund
Excess (deficiency) of revenues over expenditures (brought forward)	1,322,280	(4,518)	(138,207)	(950,035)
Other Financing Sources (Uses)				
Operating transfers in:				
Operating Fund	-	4,518	138,207	889,574
Adult Workshop Fund	30,930	-	-	-
Dixie Community Home Fund	554	-	-	37,237
Independent Apartment Living Fund	14,752	-	-	-
Woodside Community Home Fund	12,032	-	-	37,975
Jane Community Home Fund	40,414	-	-	23,769
Operating transfers out:				
Operating Fund	-	-	-	(30,930)
Infants Fund	(4,518)	-	-	-
School Fund	(138,207)	-	-	-
Adult Workshop Fund	(889,574)	-	-	-
Respite Fund	(14,578)	-	-	-
Total other financing sources (uses)	(948,195)	4,518	138,207	957,625
Excess of Revenues and Other Sources Over Expenditures and Other Uses	374,085			7,590
Fund Balances				
Beginning of year	1,998,124			30,930
End of year	\$ 2,372,209	\$ -	\$ -	\$ 38,520

Schedule 2
(Continued)

Dixie Community Home Fund	Respite Fund	Independent Apartment Living Fund	Woodside Community Home Fund	Jane Community Home Fund	Total
<u>37,791</u>	<u>(14,578)</u>	<u>14,752</u>	<u>50,007</u>	<u>64,183</u>	<u>381,675</u>
-	14,578	-	-	-	1,046,877
-	-	-	-	-	30,930
-	-	-	-	-	37,791
-	-	-	-	-	14,752
-	-	-	-	-	50,007
-	-	-	-	-	64,183
(554)	-	(14,752)	(12,032)	(40,414)	(98,682)
-	-	-	-	-	(4,518)
-	-	-	-	-	(138,207)
(37,237)	-	-	(37,975)	(23,769)	(988,555)
-	-	-	-	-	(14,578)
<u>(37,791)</u>	<u>14,578</u>	<u>(14,752)</u>	<u>(50,007)</u>	<u>(64,183)</u>	<u>-</u>
					381,675
					<u>2,029,054</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,410,729</u>

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

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 1,504,298	\$ 1,505,991	\$ 1,693
Charges for services	344,846	346,091	1,245
Miscellaneous	187,759	199,264	11,505
	<u>2,036,903</u>	<u>2,051,346</u>	<u>14,443</u>
Total revenues			
Expenditures			
Current:			
Health and welfare:			
Personal services	1,239,772	1,213,586	26,186
Supplies and materials	286,771	263,707	23,064
Other services and charges	246,617	193,279	53,338
Repairs and maintenance	104,464	112,118	(7,654)
Central administration and services	(1,276,203)	(1,276,203)	-
Capital expenditures	268,326	222,579	45,747
	<u>869,747</u>	<u>729,066</u>	<u>140,681</u>
Total expenditures			
Excess of revenues over expenditures	1,167,156	1,322,280	155,124
Other Financing Uses			
Operating transfers out	<u>(972,220)</u>	<u>(948,195)</u>	<u>24,025</u>
Excess of Revenues Over Expenditures and Other Uses	<u>\$ 194,936</u>	374,085	<u>\$ 179,149</u>
Fund Balance			
Beginning of year		<u>1,998,124</u>	
End of year		<u>\$ 2,372,209</u>	

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

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues			
Intergovernmental	\$ 1,135	\$ 1,135	\$ -
Charges for services	<u>2,926</u>	<u>2,427</u>	<u>(499)</u>
Total revenues	<u>4,061</u>	<u>3,562</u>	<u>(499)</u>
Expenditures			
Current:			
Health and welfare:			
Personal services	5,179	5,094	85
Other services and charges	903	943	(40)
Central administration and services	<u>2,043</u>	<u>2,043</u>	<u>-</u>
Total expenditures	<u>8,125</u>	<u>8,080</u>	<u>45</u>
Deficiency of revenues over expenditures	(4,064)	(4,518)	(454)
Other Financing Sources			
Operating transfers in	<u>4,064</u>	<u>4,518</u>	<u>454</u>
Excess of Revenues and Other Sources Over Expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

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

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues			
Intergovernmental	\$ 95,000	\$ 95,000	\$ -
Charges for services	<u>5,400</u>	<u>5,884</u>	<u>484</u>
Total revenues	<u>100,400</u>	<u>100,884</u>	<u>484</u>
Expenditures			
Current:			
Health and welfare:			
Personal services	11,678	14,189	(2,511)
Supplies and materials	834	530	304
Other services and charges	13,317	22,062	(8,745)
Repairs and maintenance	1,680	1,948	(268)
Central administration and services	163,907	163,907	-
Capital expenditures	<u>36,455</u>	<u>36,455</u>	<u>-</u>
Total expenditures	<u>227,871</u>	<u>239,091</u>	<u>(11,220)</u>
Deficiency of revenues over expenditures	(127,471)	(138,207)	(10,736)
Other Financing Sources			
Operating transfers in	<u>127,471</u>	<u>138,207</u>	<u>10,736</u>
Excess of Revenues and Other Sources Over Expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

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

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 481,881	\$ 481,881	\$ -
Charges for services	630,884	656,991	26,107
Miscellaneous	25	25	-
	<u>1,112,790</u>	<u>1,138,897</u>	<u>26,107</u>
Total revenues			
	<u>1,112,790</u>	<u>1,138,897</u>	<u>26,107</u>
Expenditures			
Current:			
Health and welfare:			
Personal services	985,712	953,835	31,877
Supplies and materials	81,204	84,251	(3,047)
Other services and charges	135,237	171,977	(36,740)
Repairs and maintenance	22,023	23,854	(1,831)
Central administration and services	808,193	808,193	-
Capital expenditures	36,764	46,822	(10,058)
	<u>2,069,133</u>	<u>2,088,932</u>	<u>(19,799)</u>
Total expenditures			
	<u>2,069,133</u>	<u>2,088,932</u>	<u>(19,799)</u>
Deficiency of revenues over expenditures	(956,343)	(950,035)	6,308
Other Financing Sources			
Operating transfers in	963,933	957,625	(6,308)
	<u>963,933</u>	<u>957,625</u>	<u>(6,308)</u>
Excess of Revenues and Other Sources Over Expenditures	<u>\$ 7,590</u>	7,590	<u>\$ -</u>
Fund Balance			
Beginning of year		<u>30,930</u>	
End of year		<u>\$ 38,520</u>	

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DIXIE COMMUNITY HOME FUND**

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Charges for services	\$ 347,187	\$ 353,347	\$ 6,160
Expenditures			
Current:			
Health and welfare:			
Personal services	163,541	153,421	10,120
Supplies and materials	13,492	12,197	1,295
Other services and charges	39,907	36,714	3,193
Repairs and maintenance	2,548	2,845	(297)
Central administration and services	104,026	104,026	-
Capital expenditures	6,353	6,353	-
Total expenditures	329,867	315,556	14,311
Excess of revenues over expenditures	17,320	37,791	20,471
Other Financing Uses			
Operating transfers out	(17,320)	(37,791)	(20,471)
Excess of Revenues Over Expenditures and Other Uses	\$ -	-	\$ -
Fund Balance			
Beginning of year		-	
End of year		\$ -	

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

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 27,000	\$ 33,068	\$ 6,068
Expenditures			
Current:			
Health and welfare:			
Personal services	21,513	22,903	(1,390)
Supplies and materials	1,141	1,019	122
Other services and charges	5,756	7,586	(1,830)
Repairs and maintenance	1,020	2,089	(1,069)
Central administration and services	14,049	14,049	-
Total expenditures	<u>43,479</u>	<u>47,646</u>	<u>(4,167)</u>
Deficiency of revenues over expenditures	(16,479)	(14,578)	1,901
Other Financing Sources			
Operating transfers in	<u>16,479</u>	<u>14,578</u>	<u>(1,901)</u>
Excess of Revenues and Other Sources Over Expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
INDEPENDENT APARTMENT LIVING FUND**

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 24,922	\$ 24,922	\$ -
Charges for services	<u>58,152</u>	<u>70,381</u>	<u>12,229</u>
Total revenues	<u>83,074</u>	<u>95,303</u>	<u>12,229</u>
Expenditures			
Current:			
Health and welfare:			
Personal services	45,501	50,903	(5,402)
Supplies and materials	408	796	(388)
Other services and charges	4,017	4,946	(929)
Repairs and maintenance	548	154	394
Central administration and services	<u>23,752</u>	<u>23,752</u>	<u>-</u>
Total expenditures	<u>74,226</u>	<u>80,551</u>	<u>(6,325)</u>
Excess of revenues over expenditures	8,848	14,752	5,904
Other Financing Uses			
Operating transfers out	<u>(8,848)</u>	<u>(14,752)</u>	<u>(5,904)</u>
Excess of Revenues Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
WOODSIDE COMMUNITY HOME FUND**

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ <u>299,135</u>	\$ <u>299,500</u>	\$ <u>365</u>
Expenditures			
Current:			
Health and welfare:			
Personal services	99,870	96,793	3,077
Supplies and materials	12,126	10,738	1,388
Other services and charges	35,191	34,079	1,112
Repairs and maintenance	2,620	2,868	(248)
Central administration and services	84,765	84,765	-
Capital expenditures	<u>16,500</u>	<u>20,250</u>	<u>(3,750)</u>
Total expenditures	<u>251,072</u>	<u>249,493</u>	<u>1,579</u>
Excess of revenues over expenditures	48,063	50,007	1,944
Other Financing Uses			
Operating transfers out	<u>(48,063)</u>	<u>(50,007)</u>	<u>(1,944)</u>
Excess of Revenues Over Expenditures and Other Uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
JANE COMMUNITY HOME FUND**

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Charges for services	\$ 294,096	\$ 296,352	\$ 2,256
Expenditures			
Current:			
Health and welfare:			
Personal services	101,752	92,125	9,627
Supplies and materials	12,569	9,580	2,989
Other services and charges	36,011	33,072	2,939
Repairs and maintenance	2,800	4,224	(1,424)
Central administration and services	75,468	75,468	-
Capital expenditures	-	17,700	(17,700)
Total expenditures	<u>228,600</u>	<u>232,169</u>	<u>(3,569)</u>
Excess of revenues over expenditures	65,496	64,183	(1,313)
Other Financing Uses			
Operating transfers out	<u>(65,496)</u>	<u>(64,183)</u>	<u>1,313</u>
Excess of Revenues Over Expenditures and Other Uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Board of Directors,
Terrebonne Association for Retarded Citizens, Inc.,
Houma, Louisiana.

We have audited the general purpose financial statements of the Terrebonne Association for Retarded Citizens, Inc. (the Association), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 1997, and have issued our report thereon dated October 13, 1997. 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 Association'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 are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association'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 necessary disclose all matters in the internal control over financial reporting that might 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 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 operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, 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.,
October 13, 1997.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 1997

The following condition was reported to the Association in prior year:

Condition - A detailed listing of property was established from a physical inventory of all assets. The list is not properly priced for historical or estimated costs.

Recommendation - The detailed property records should be priced at historical cost of all assets. Where historical cost are not available, the Association should employ estimates to approximate the cost at acquisition.

Response - The Association has completed a detailed listing of property and has properly priced all assets at historical or estimated costs if historical costs were not available.



Bourgeois Bennett

COMMUNICATIONS WITH BOARD OF DIRECTORS

To the Board of Directors,
Terrebonne Association for Retarded Citizens, Inc.,
Houma, Louisiana.

In fulfilling our responsibility as Terrebonne Association for Retarded Citizens, Inc. auditors for the year ended June 30, 1997, we are required to communicate to the Board of Directors 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 the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States which require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatements.

As required, a separate letter has been issued on compliance and internal control.

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 June 30, 1997.

3) MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES

The most significant estimates reflected in the financial statements relate to the historical value of certain fixed assets, collectibility of accounts receivable and claims and judgments incurred. Management has provided us with representations concerning these matters.

To the Board of Directors
Terrebonne Association for Retarded Citizens, Inc.
October 13, 1997
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4) **SIGNIFICANT AUDIT ADJUSTMENTS**

We did not initiate any significant audit adjustments during our recent audit. Year end adjustments and closing entries were prepared and provided to management.

This information is intended solely for use by the Board of Directors and management of the Association and should not be used for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
October 13, 1997.