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Financial Report
Terrebonne Parish Sales and Use Tax Department
Boutte, Louisiana
December 31, 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 responsible public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: JAN 17 1998

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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, State of Louisiana, as of and for the year ended December 31, 1997, 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 the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Parish Sales and Use Tax Department as of December 31, 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 February 20, 1998 on our consideration of the Terrebonne Parish Sales and Use Tax Department'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 Parish Sales and Use Tax Department taken as a whole. The accompanying financial information listed in the table of contents as Schedule I is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Also, the financial information as list in the table of contents as the Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis as required by OMB Circular A-133 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.

Bougeois Bennett, LLC

Certified Public Accountants

Houma, La.,
February 20, 1998.

**COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS**

Terrebonne Parish Sales and Use Tax Department

December 31, 1997

	<u>Governmental Fund Type General</u>	<u>Fiduciary Fund Type Agency</u>
ASSETS AND OTHER DEBITS		
Assets		
Cash	\$ 3,169	\$ 3,231,648
Taxes receivable	-	3,951,364
Due from agency fund	20,483	-
Due from other governmental units	-	244
Fixed assets	-	-
Other Debits		
Amount to be provided for retirement of long-term obligations	<u>-</u>	<u>-</u>
Total assets and other debits	<u>\$ 23,852</u>	<u>\$ 11,183,256</u>
LIABILITIES AND OTHER CREDITS		
Liabilities		
Accounts payable and accrued expenditures	\$ 21,787	\$ 1,851
Due to general fund	-	20,483
Due to other governmental units:		
Terrebonne Parish School Board	-	3,769,293
Terrebonne Parish Consolidated Government	2,063	3,994,793
Terrebonne Parish Sheriff	-	1,376,538
Houma-Terrebonne Tourist Commission	-	20,398
Long-term obligations	<u>-</u>	<u>-</u>
Total liabilities	23,852	11,183,256
Other Credits		
Investment in general fixed assets	<u>-</u>	<u>-</u>
Total liabilities and other credits	<u>\$ 23,852</u>	<u>\$ 11,183,256</u>

See notes to financial statements.

<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ -	\$ -	\$ 9,233,017
-	-	5,951,364
-	-	20,483
-	-	344
113,422	-	113,422
-	23,288	23,288
<u>\$ 113,422</u>	<u>\$ 23,288</u>	<u>\$ 11,343,818</u>
	\$ -	\$ 23,638
	-	20,483
	-	5,769,293
	-	3,996,858
	-	1,376,538
	-	20,288
	<u>23,288</u>	<u>23,288</u>
	23,288	11,390,796
<u>\$ 113,422</u>	<u>-</u>	<u>113,422</u>
<u>\$ 113,422</u>	<u>\$ 23,288</u>	<u>\$ 11,343,818</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, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes - sales and use	\$ 602,543	\$ 602,304	\$ (239)
Charges for services	23,043	23,041	(2)
Licenses	12,600	12,600	-
Miscellaneous:			
Interest	21,360	21,358	(2)
Other	570	570	-
Total revenues	<u>660,118</u>	<u>659,873</u>	<u>(245)</u>
Expenditures			
Current:			
General Government:			
Personal services	238,873	238,850	23
Supplies and materials	40,583	40,867	18
Other services and charges	283,328	283,359	169
Repairs and maintenance	6,613	6,611	2
Capital expenditures	7,840	7,837	3
Total general government	<u>597,843</u>	<u>597,624</u>	<u>219</u>
Health and welfare:			
Personal services	42,010	41,998	12
Supplies and materials	390	387	3
Other services and charges	19,873	19,864	11
Total health and welfare	<u>62,273</u>	<u>62,249</u>	<u>26</u>
Total expenditures	<u>660,118</u>	<u>659,873</u>	<u>245</u>
Excess of Revenues Over Expenditures	<u>\$ -0-</u>	<u>-0-</u>	<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, 1997

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 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 1968 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 10% dedicated to Drainage and 10% dedicated to Roads and Bridges. The 1% levy effective July 1, 1996 is remitted to the Terrebonne Parish School Board. Additionally, a 1/4% levy became effective October 1, 1997 which is remitted to the Terrebonne Parish Law Enforcement District. The Hotel/Motel tax of 3% is remitted solely to the Houma-Terrebonne Tourist Commission.

The accounting and reporting policies of the Terrebonne Parish Sales and Use Tax Department (the Department) conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

a) Reporting Entity

The Department is considered 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, 1997.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

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.

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. The following is the Fiduciary Fund of the Department:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

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.

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 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 measurement 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) Use of 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 these estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) **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. The public hearings and advertisements, which are required by state law, are conducted prior to approval by the Advisory Board. The budget is then submitted to the Parish Council for enactment by ordinance. 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. Any amendment involving the 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 Council. The budget was amended one time during 1997. 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.

f) **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.

g) **Fixed Assets**

Fixed assets used in governmental fund type operations (fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. 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, cults and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized along with other fixed assets. No depreciation has been provided on fixed assets. The Account Group is not a fund. It is only concerned with the measurement of financial position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) *Fixed Assets (Continued)*

All fixed assets are valued at historical cost.

h) *Long-Term Obligations*

The accounting and reporting treatment applied to the long-term obligations associated with a fund is 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.

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 Long-Term Obligations 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.

i) *Accumulated 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 an employee fails to take vacation leave, the employee forfeits this time for this particular year, however this time is held for retirement purposes. In the event the employee is terminated or resigns, all vacation leave not lost through forfeiture will be paid to them.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Accumulated Vacation and Sick Leave (Continued)

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

j) Encumbrances

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

k) Memorandum Only - Total Columns

The 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 or results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - DEPOSITS

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.

Note 2 - DEPOSITS (Continued)

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 Department or its agent, in the Department's name.

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

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

The year end bank balances and the carrying amount as shown on the combined balance sheet are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	<u>\$104,817</u>	<u>\$-</u>	<u>\$5,163,246</u>	<u>\$5,268,063</u>

At December 31, 1997, cash in excess of the FDIC insurance was collateralized by securities held by an unaffiliated bank for the account of the depositor. 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 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.

Note 3 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January 1, 1997	Additions	Deletions	Balance December 31, 1997
Furniture and fixtures	<u>\$105,688</u>	<u>\$7,837</u>	<u>\$103</u>	<u>\$113,422</u>

Note 4 - LONG-TERM OBLIGATIONS

The Department's commitment to fund accumulated unpaid vacation and sick leave from future operations has been recorded in the General Long-Term Obligation Account Group at December 31, 1997.

The following is a summary of changes in the long-term obligation of the Department for the year ended December 31, 1997:

	<u>Payable</u> January 1, 1997	Net Increase	<u>Payable</u> December 31, 1997
Accumulated vacation	\$ 9,816	\$111	\$ 9,927
Accumulated sick leave	<u>13,405</u>	<u>(44)</u>	<u>13,361</u>
Totals	<u>\$23,221</u>	<u>\$ 67</u>	<u>\$23,288</u>

Note 5 - DEFERRED COMPENSATION PLAN

Due to the enactment of the Small Business Job Protection Act of 1996 (the Act), the Department is no longer required to report the assets of its Internal Revenue Code Section 457 plan. Prior to the Act, Section 457 allowed the deferral of taxes on deferred compensation plans only if the plan assets were solely the property of the government employer and subject to the employer's general creditors. The Act now requires that amounts deferred under a Section 457 plan be held in trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors.

Note 6 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Department contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits and, survivors' benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly

Note 6 - DEFINED BENEFIT PENSION PLAN (Continued)

available financial report that includes financial statements and required supplementary information for the System. 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 3.5% of annual covered payroll. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the Department are established and may be amended by State Statute. The Department's contributions to PERB for the years ending December 31, 1997, 1996 and 1995 were \$5,768, \$2,370 and \$2,303, respectively, equal to the required contributions for each year.

Note 7 - FOOD STAMP PROGRAM

The Food Stamp Program was operated by the Department under an agreement with the Parish and the Louisiana Department of Social Services. Under this program, the Department was 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, 1997	\$ 1,482,975
Received - net of \$221 credit	4,400,779
Issued	(7,668,089)
Transfers/Destruction due to closure	<u>(215,345)</u>
Balance at December 31, 1997	<u>\$ -0-</u>

In November 1997, the Parish's food stamps issuance office was closed due to the implementation of the Electronic Benefit Transfer System. The remaining unissued coupons were destroyed and sealed coupons were transferred to another parish.

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 acti-

**Note 8 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS
(Continued)**

ing 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, 1997, this cost was approximately \$8,200.

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, 1997, the average hospitalization and life insurance costs per retired employee was approximately \$345 per month.

Note 9 - COMPENSATION OF ADVISORY BOARD

The Department did not pay per diem to any of its Board members in 1997.

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 operating expenses, together with the amount of real property taxes or assessments levied.

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

1998	<u>\$20,566</u>
------	-----------------

Rental expenditures incurred under this lease amounted to \$26,874 during the period December 31, 1997.

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. If the plaintiffs are ultimately successful, the Department does not think that the exposure under the worst-case scenario would be greater than \$100,000, and would probably be substantially lower than that.

Note 12 - RISK MANAGEMENT

The Department participates in the Parish's (oversight entity) risk management internal service funds for general liability, workers' compensation and group insurance. The Department pays monthly premiums to the Parish for general liability based on various factors such as its operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation is based on a fixed percentage of payroll. The premiums for group insurance is based on a fixed rate per employee. The Parish handles all claims filed against the Department. The Department could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

Policy	Coverage <u>Limit</u>
General Liability	\$8,500,000
Workers' Compensation	Statutory
Group	\$1,125,000

Coverage for claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$2,481,697 for general liability and workers' compensation and \$1,603,962 for group as of December 31, 1996, then secondly by the Department and other participating funds and agencies. At December 31, 1997 the Department had no claims in excess of the above coverage limits.

SUPPLEMENTARY INFORMATION SECTION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
PARISH SALES TAX FUND

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 1997

Cash at beginning of year	<u>\$ 3,916,824</u>
Cash receipts:	
Sales and use taxes (net of refunds of \$88,575)	55,899,025
Hotel/motel taxes	281,085
Occupational license (net of refunds of \$418)	456,778
Miscellaneous:	
Interest	21,241
Other	<u>12,143</u>
Total cash receipts	<u>56,670,272</u>
Total cash available	<u>60,587,096</u>
Cash disbursements:	
Distributions to other governmental units:	
Terrebonne Parish School Board	29,733,222
Terrebonne Parish Consolidated Government	20,808,080
Terrebonne Parish Sheriff	3,893,249
Bourbon-Terrebonne Tourist Commission	361,306
Miscellaneous	12,350
Distributions to the General Fund	<u>645,141</u>
Total cash disbursements	<u>55,355,448</u>
Cash at end of year	<u>\$ 5,231,648</u>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Burgess & 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 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 Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1997, and have issued our report thereon dated February 26, 1998. 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 Department'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 these 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 Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that 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 general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Advisory Board, management, the Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, LLC

Certified Public Accountants

Monroe, La.,
February 20, 1998.



Bergois Bennett

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Compliance

We have audited the compliance of the Terrebonne Parish Sales and Use Tax Department (the Department), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1997. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audit of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Department's compliance with these requirements.

In our opinion, the Department complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1997.

Internal Control Over Compliance

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Advisory Board, management, Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountants.

Bossier, La.,
February 28, 1998.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 1997

<u>Federal Grantor/Pass - Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture: <u>Passed Through the Louisiana Department of Social Services</u> State Administrative Matching Grant for Food Stamp Program	10.561	\$ 31,125
Nonmonetary Assistance Food Stamp Program	10.551	<u>7,883,754</u>
Total		<u>\$ 7,914,879</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Terrebonne Parish Sales and Use Tax Department

December 31, 1997

Note 1 - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133, SINGLE AUDIT ACT AMENDMENTS OF 1996

All Federal grant awards of the Terrebonne Parish Sales and Use Tax Department are included in the scope of the OMB Circular A-133, Single Audit Act Amendments of 1996. The United States Department of Agriculture is the federal oversight agency for the single audit.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

Note 3 - FEDERAL EXPENDITURES

Expenditures for the Food Stamp Program (Nonmonetary Assistance) includes \$215,745 of food coupons that were destroyed or transferred to another parish due to the closure of the food stamp issuance office.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 1997

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 508(a) of Circular A-133? yes no

c) Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program (or Cluster)</u>
10.551	Food Stamp Program

Dollar threshold used to distinguish between type A and Type B programs: \$300,000

Auditor qualified as low-risk auditor? yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 1997

Section II Financial Statement Findings

There were no financial statement findings reported during the audit of the general-purpose financial statements for the year ended December 31, 1997.

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit for the year ended December 31, 1997.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED-COST

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 1997

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported for the year ended December 31, 1996.

No reportable conditions were reported for the year ended December 31, 1996.

Compliance

No compliance findings material to the general-purpose financial statements were reported during the year ended December 31, 1996.

Section II Internal Control and Compliance Material to Federal Awards

There were no findings or questioned cost reported during the year ended December 31, 1996.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1996.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 1997

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported for the year ended December 31, 1997.

No reportable conditions were reported for the year ended December 31, 1997.

Compliance

No compliance findings material to the general-purpose financial statements were reported during the year ended December 31, 1997.

Section II Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit for year ended December 31, 1997.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1997.

COMMUNICATIONS LETTER



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, 1997, 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 the standards applicable to financial audits contained in 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-133, Audit of State, Local Governments and Non-Profit Organizations, 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 over financial reporting.

We have complied with the requirements of the Single Audit Act and OMB Circular A-133.

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, 1997.

3) MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES

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

4) SIGNIFICANT AUDIT ADJUSTMENTS.

We did not initiate any significant audit adjustments during our recent audit. Your end adjustments were prepared.

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, LLC.

Certified Public Accountants.

Houma, La.,
February 20, 1998.