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TARC

FINANCIAL STATEMENTS

JUNE 30, 1998

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 DEC 30 1998

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TARC  
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August 28, 1998

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
TARC  
Hammond, Louisiana

Ladies and Gentlemen:

I have audited the accompanying statement of financial position of TARC (a nonprofit organization) as of June 30, 1998, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of TARC's management. My responsibility is to express an opinion on these financial statements based upon my audit.

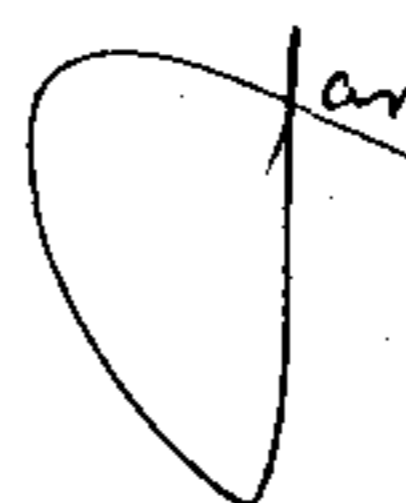
I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of TARC as of June 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Board of Directors  
August 28, 1998  
Page 2

In accordance with Government Auditing Standards, I have also issued my report dated August 28, 1998, on my consideration of TARC's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the basic financial statements of TARC taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Also, the Schedule of Functional Expenses on Page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

 James M. Campbell CFA, APC

TARC  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 1998

ASSETS

	<u>1998</u>
<u>ASSETS</u>	
Cash	\$ 149,091
Accounts receivable	109,007
Prepaid expenses and deposits	1,202
Trust Investment	18,326
Leasehold improvements	3,057
Furniture and equipment	58,832
Vehicles	32,617
Less: accumulated depreciation	<u>(46,036)</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 326,096</u>

LIABILITIES AND NET ASSETS

<u>LIABILITIES</u>	
Accounts payable	\$ 13,787
Accrued payroll	3,152
Payroll taxes payable	1,182
Other payroll withholding liabilities	<u>991</u>
 <u>Total Liabilities</u>	 <u>19,112</u>
 <u>NET ASSETS</u>	
Unrestricted net assets	291,244
Temporarily restricted net assets	740
Permanently restricted net assets	<u>15,000</u>
 <u>Total Net Assets</u>	 <u>306,984</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 326,096</u>

The accompanying notes are an integral part of this statement.

TARC  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 1998

	1998
<u>UNRESTRICTED NET ASSETS</u>	
Contributions	\$ 37,184
Fundraisers	69,028
Memberships	660
Contributions - United Way	20,000
Donated facilities	32,000
<u>Total received directly</u>	158,872
<u>REVENUES</u>	
Fees and grants from Governmental Agencies and private insurers	795,653
Interest income	1,983
Miscellaneous	4,268
<u>Total revenues</u>	801,904
Net assets released from donor restrictions	1,925
<u>Total Public Support and Revenue</u>	962,701
<u>EXPENSES</u>	
Program services	789,381
Supporting services	
Management & general	84,008
<u>Total Expenses</u>	873,389
<u>INCREASE IN UNRESTRICTED NET ASSETS</u>	89,312
<u>TEMPORARILY RESTRICTED NET ASSETS</u>	
Contributions	2,665
Net assets released from donor restrictions	(1,925)
<u>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</u>	740
<u>TOTAL INCREASE IN NET ASSETS</u>	90,052
<u>NET ASSETS, BEGINNING OF YEAR</u>	216,932
<u>NET ASSETS, END OF YEAR</u>	\$ 306,984

The accompanying notes are an integral part of this statement.



TARC  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 1998

	1998
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Change in net assets	\$ 90,052
Adjustments to reconcile change to net cash provided by operating activities:	
Depreciation	8,173
Loss on disposal of fixed asset	424
(Increase) Decrease in:	
Accounts receivable	(20,237)
Prepaid expenses	1,220
Increase (Decrease) in:	
Accounts payable	5,532
Accrued payroll	(6,241)
Payroll taxes payable	(621)
Other payroll withholding liabilities	(178)
	78,124
 <u>NET CASH FROM OPERATING ACTIVITIES</u>	
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchases of equipment	(13,089)
Purchase of investments	0
	(13,089)
 <u>NET CASH FROM INVESTING ACTIVITIES</u>	
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
 <u>NET CASH FROM FINANCING ACTIVITIES</u>	
	0
<u>NET INCREASE (DECREASE) IN CASH</u>	65,035
<u>CASH, BEGINNING OF YEAR</u>	84,056
<u>CASH, END OF YEAR</u>	\$ 149,091
 <u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</u>	
Cash paid during the year for:	
Interest	\$ 66

The accompanying notes are an integral part of this statement.

TARC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

TARC is a private, non-profit organization whose purpose is to provide an early intervention program for children, birth to three years of age, who reside in Tangapahoa and Livingston Parishes, with development needs or handicapped, or at risk of having developmental needs or handicaps. TARC also provides advocacy services to individuals with disabilities. TARC's support comes primarily from various state contracts and programs.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of TARC and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of TARC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by TARC. Generally, the donors of these assets permit TARC to use all or part of the income earned on any related investments for general or specific purposes.



TARC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation

In 1997, TARC adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, TARC is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by this Statement, TARC has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. The reclassification had no cumulative effect on the change in net assets for the year ended June 30, 1998.

TARC also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1997. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption.

D. Income Taxes

TARC is exempt from federal income taxes under section 501 (c) (3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, TARC has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 1998.

E. Allocation of Supporting Service Expenditures

Certain overhead expenses have been allocated between Program services and Supporting services based on budgeted revenue for programs which last twelve months or more, and whose budgeted revenue exceeds \$50,000.

TARC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents

TARC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

G. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the statement of activities as net assets released from restrictions.

H. Fixed Assets

Fixed assets acquired by TARC are considered to be owned by TARC; however, State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds which have a cost of \$500 or more and an estimated useful life of at least one year.

TARC follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed on a straight-line basis over the useful lives of the assets, generally as follows:

	<u>Estimated Useful Life</u>	<u>Cost</u>
Leasehold Improvements	5-10 years	\$ 3,057
Furniture and equipment	5-10 years	58,832
Vehicles	5 years	<u>32,617</u>
		<u>\$ 94,506</u>

Depreciation expense was \$8,173 for the year ending June 30, 1998.

TARC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

J. 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.

K. Support and Revenue

TARC receives its grant and contract support primarily from the State Department of Health and Hospitals and other State Agencies (see Note 11 - Summary of Grants/Contracts Funding). TARC receives client fees, Medicaid income, and Medicare income for billable client services and recognizes these fees and income when earned.

NOTE #2: ACCOUNTS RECEIVABLE

Receivables at June 30, 1998, are summarized below. TARC anticipates that substantially all receivables will be collected and no provision for uncollectible receivables has been provided.

	<u>June 30,</u> <u>1998</u>
Due from State of Louisiana:	
Infant Habilitation	\$ 25,953
OSE Part H Grant	36,941
Medicare	15,902
Due from other sources:	
Other Receivables	<u>30,211</u>
	<u>\$ 109,007</u>



TARC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE #3: ACCRUED VACATION AND LEAVE - EMPLOYEE BENEFITS

Employees of TARC accrue annual vacation and leave at various rates and number of days. There is a six (6) month probationary period for all new employees prior to accruing any vacation or leave. Any vacation days carried over to the following fiscal year must be used by the 31st of August of that year or be forfeited. There was no accrued leave recorded at June 30, 1998.

NOTE #4: COMMITMENTS AND CONTINGENCIES

TARC receives a substantial portion of its revenues from Government grants and contracts which require the Organization to obtain a contract compliance audit of expenditures charged to the contracts. These may be subject to retroactive adjustments by third party payers. Management is not aware of any proposed adjustments and no provision for estimated retroactive adjustment has been provided.

NOTE #5: DONATED FACILITIES, MATERIALS, EQUIPMENT AND SERVICES

Donated facilities are reflected as revenue received directly from the public with a corresponding expense to program services in the amount of \$32,000. The estimated value was determined by inquiry of real estate agents in the general area.

TARC records the value of donated goods or services when there is an objective basis available to measure their value.

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. There were no equipment donations as of June 30, 1998. The value of donated services is not reflected in the accompanying financial statements because there is no objective basis available to measure the value of such services and the amount of time donated is immaterial.

NOTE #6: LEASES

TARC signed a five year lease on September 20, 1993 with the State of Louisiana, for a 6,400 square foot building located at 201 East Church Street, Hammond, Louisiana.

TARC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE #6: LEASES (CONTINUED)

The consideration was the mutual benefit, advantages, and convenience to be derived by the public in the operation of TARC. The donated facilities were valued at \$32,000 annually.

TARC leased an office building for sixty months for a monthly rent of \$600 in May, 1995. The lease expense for the year ending June, 30, 1998, was \$7,200.

At June 30, 1998, future minimum payments required under leases were as follows:

	<u>Operating</u> <u>Leases</u>
1999	6,000
Total minimum lease payments	<u>\$ 6,000</u>

NOTE #7: SALARY REDUCTION PROGRAM

TARC offered its employees a 403(b)(7) salary reduction program. Participation in this program is voluntary, and TARC does not contribute to this program.

NOTE #8: TRUST INVESTMENT

Investments as of June 30, 1998, are summarized as follows:

Certificate of deposit \$ 18,326

Permanently restricted net assets are endowment funds consisting of \$15,000 which is included in the certificate of deposit along with the interest which has been reinvested but can be used for operating expenses.

These funds were invested in a certificate of deposit that pays interest of 6.5%, and matures October 1, 1998.

NOTE #9: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents - Fair value approximates carrying value due the initial maturities of the instruments being three months or less.

TARC  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE #9: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Investments - Certificates of Deposit - Fair value approximates carrying value because the stated rates are similar to rates currently available to TARC with similar terms.

The estimated fair values of TARC's financial instruments at June 30, 1998, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$149,091	\$149,091
Investments	18,326	18,326

NOTE #10: CONCENTRATION OF CREDIT RISK

TARC maintains several bank accounts at two banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at one of these institutions exceeded Federally insured limits. The amount in excess of the FDIC limit totaled \$15,453 as of June 30, 1998.

NOTE #11: SUMMARY OF GRANTS/CONTRACTS FUNDING

TARC was primarily funded through the following grants and contracts for the period July 1, 1997 to June 30, 1998:

<u>Funding Source</u>	<u>Grant Contract Number</u>	<u>Period</u>	<u>Contract</u>	<u>Support</u>
State Department Health and Hospitals	340-800204	7/1/97-6/30/98	\$282,481	\$282,480
	340-80034	7/1/97-6/30/98	\$ 63,210	\$ 37,926
	OCDD#394	11/1/97-6/30/98	\$ 4,000	\$ 4,000
State Department of Education	84.181 97-CIT3-SJ	7/1/97-6/30/98	\$261,467	<u>\$212,259</u>
<u>TOTAL GRANTS AND CONTRACTS</u>				<u>\$536,665</u>



SUPPLEMENTARY INFORMATION

TARC  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 1998

	<u>PROGRAM EXPENSES</u>			
	<u>INFANT PROGRAM</u>	<u>MEDICAID &amp; PRIVATE INSURANCE</u>	<u>PART H</u>	<u>CASE MANAGEMENT</u>
Salaries	\$ 131,125	\$	\$ 100,826	\$ 126,877
Payroll taxes and benefits	18,396		8,736	16,088
<u>Total employee compensation</u>	<u>149,521</u>		<u>109,562</u>	<u>142,965</u>
Affiliation fees				
Bad debt		12,307		
Billing agent fees		3,069		6,102
Central office overhead	63,662			49,932
Contract therapist services	2,576	58,187	65,890	
Dues and subscriptions	608			675
Equipment	2,949		887	771
Fund raising expense				
Insurance	5,905		562	787
Interest				
Meeting expense				
Miscellaneous	2,364			957
Office expense	5,856		66	1,247
Postage	41			4
Professional services				
Rent	5,256			1,440
Repairs and maintenance-buildings	6,895			1,160
Repairs and maintenance - vehicles	1,553			
Supplies - general	1,238			246
Supplies - training	9,500		478	99
Telephone	1,478			609
Training	1,428		1,259	2,162
Travel and seminars	10,503		10,051	14,586
Utilities	6,211			1,884
<u>Total expenses before depreciation</u>	<u>277,544</u>	<u>73,563</u>	<u>188,755</u>	<u>225,626</u>
Depreciation of Fixed Assets	5,630			258
<u>Total Functional Expenses</u>	<u>\$ 283,174</u>	<u>\$ 73,563</u>	<u>\$ 188,755</u>	<u>\$ 225,884</u>

SEE AUDITOR'S REPORT

<u>PERSONAL SUPPORT COORDINATION</u>	<u>TOTAL PROGRAM EXPENSES</u>	<u>SUPPORTING SERVICES</u>	<u>TOTAL EXPENSES (MEMORANDUM ONLY) 6-30-98</u>
\$ 14,122	\$ 372,950	\$ 13,139	\$ 386,089
1,472	44,692	5,609	50,301
<u>15,594</u>	<u>417,642</u>	<u>18,748</u>	<u>436,390</u>
		1,588	1,588
	12,307		12,307
	9,171		9,171
	113,594	11,236	124,830
	126,653		126,653
	1,283	549	1,832
687	5,294	1,678	6,972
		6,121	6,121
107	7,361	261	7,622
		4	4
		2,691	2,691
	3,321	2,097	5,418
415	7,584	2,909	10,493
	45	20	65
		1,995	1,995
	6,696	32,144	38,840
	8,055	79	8,134
	1,553		1,553
	1,484	25	1,509
	10,077	806	10,883
	2,087		2,087
70	4,919	70	4,989
1,132	36,272	398	36,670
	8,095	170	8,265
<u>18,005</u>	<u>783,493</u>	<u>83,589</u>	<u>867,082</u>
	5,888	419	6,307
<u>\$ 18,005</u>	<u>\$ 789,381</u>	<u>\$ 84,008</u>	<u>\$ 873,389</u>

TARC  
SCHEDULE OF FEDERAL/STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>
<u>State Department of Health and Hospitals</u>			
Infant Habilitation *	340-800204	000014	\$ 282,480
Personal Support Coordination	340-80034	366	37,926
Waiver Application Packets		394	4,000
<u>Department of Education</u>			
IDEA Part H	84.181	97-CIT3-SJ	<u>212,259</u>
Total			<u>\$ 536,665</u>

\*Major Programs

SEE AUDITOR'S REPORT

**JAMES M. CAMPBELL**  
**CERTIFIED PUBLIC ACCOUNTANT**

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8939 Jefferson Hwy. First Floor. Suites A B C  
Baton Rouge, Louisiana 70809

August 28, 1998

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

Board of Directors  
TARC  
Hammond, Louisiana

I have audited the financial statements of TARC (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued my report thereon dated August 28, 1998. I conducted my 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 financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered TARC's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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 financial statements being audited may occur and not be detected within a timely period by employees in the normal

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the management and Board of Directors of TARC, the Legislative Auditor's office and various granting agencies. However, this report is a matter of public record, and its distribution is not limited.

 James M. Campbell CPA, APC



JAMES M. CAMPBELL  
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August 28, 1998

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

Board of Directors  
TARC  
Hammond, Louisiana

Compliance

I have audited the compliance of TARC, (a nonprofit organization) 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 June 30, 1998. TARC's major federal programs are identified in the schedule of federal awards in the supplementary information section. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of TARC's management. My responsibility is to express an opinion on TARC's compliance based on my audit.

I conducted my 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, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether material 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 TARC's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on TARC's compliance with those requirements.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133  
(CONCLUDED)

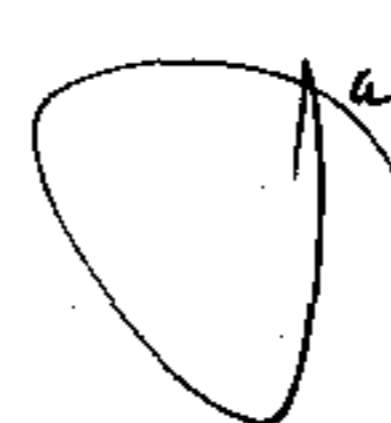
In my opinion, TARC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal/state award programs for the year ended June 30, 1998.

Internal Control Over Compliance

The management of TARC 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 my audit, I considered TARC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My 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. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

This report is intended for the information of the management and the Board of Directors of TARC, the Legislative Auditor's office and various granting agencies. However, this report is a matter of public record, and its distribution is not limited.

 James M. Campbell CPA, APC

TARC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 1998

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of TARC.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of TARC were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for TARC expresses an unqualified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for TARC were reported.
7. The programs tested as major programs included: Infant Habilitation 340-800204.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. TARC was determined to be a low-risk auditee.



**DATA COLLECTION FORM**

**FOR REPORTING ON AUDITS OF STATE AND LOCAL GOVERNMENT AND QUASIPUBLIC ENTITIES**

OMB Form 0348-0057 may be used as a substitute for this form.

Date Submitted 12/22/98

RETURN to: Legislative Auditor  
Attn: Engagement Processing  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

1. Fiscal Year Ending Date For This Submission:  
6/30/98

3. Audit Period Covered  
 Annual  Biennial  
 Other to

2. Type of Report:  
 Single Audit  GAO Audit Standards Audit  
 Compilation  Compilation/Attestation  
 Program Audit  Other

4. AUDITEE INFORMATION

Auditee Name  
**TARC**

Street Address (Number and Street)  
**201 EAST CHURCH STREET**

Mailing Address (PO No.)

City State Zip  
**HAMMOND, LA 70401**

Auditee Contact  
Name Title  
**Melinda Bass Executive Director**

Telephone Fax  
**504-345-8811 504-345-9072**

Email (Optional)

5. AUDITOR INFORMATION

Firm Name  
**JAMES M. CAMPBELL CPA, APC**

b. Street Address (Number and Street)  
**8939 JEFFERSON HWY**

Mailing Address (PO No.)

City State Zip  
**BATON ROUGE, LA 70809**

c. Auditor Contact  
Name Title  
**James M. Campbell**

Telephone Fax  
**225-926-6047 225-926-6270**

Email (Optional)

Component Units Included Within the Report and for Which No Separate Report Will Be Issued:

If there are no modifications to the auditor's financial opinion, no reportable conditions, no material weaknesses, no reported instances of noncompliance, and no management letter, check this box: do not complete the rest of the form.

6. FINANCIAL STATEMENTS

a. Type of audit report on financial statements.  Not Applicable  
 Unqualified Opinion  Qualified Opinion  Adverse Opinion  Disclaimer of Opinion

b. Is a 'going concern' explanatory paragraph included in the audit report?  Yes  No

c. Do any of the funds have deficit fund balances?  Yes  No

d. Is there a related party footnote?  Yes  No

7. INTERNAL CONTROL  
Do the comments on internal control include:  material weaknesses  reportable conditions  not applicable

8. COMPLIANCE  
Do the comments on compliance include:  illegal acts  fraud/criminal acts  not applicable

9. MANAGEMENT LETTER (Finding Caption and No.)

Resolved  Yes  No  No Longer Applicable

Resolved  Yes  No  No Longer Applicable

Resolved  Yes  No  No Longer Applicable

10. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)

\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable

\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable

\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable

\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable

\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable

\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable

Do any findings address nepotism, ethics violations or related party transactions?  Yes  No

Do any findings address violation of bond indenture covenants?  Yes  No

11. SCHEDULE OF PRIOR YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)

Resolved  Yes  No  No Longer Applicable

Resolved  Yes  No  No Longer Applicable

Resolved  Yes  No  No Longer Applicable

Resolved  Yes  No  No Longer Applicable

Resolved  Yes  No  No Longer Applicable

AUDITEE SIGNATURE <u><i>[Signature]</i></u>		Date <u>12/23/92</u>
<b>FOR USE BY LEGISLATIVE AUDITOR</b>		
Agency No. _____	Proj. No. _____	Firm No. _____

**FOR USE BY LEGISLATIVE AUDITOR**

Date Report Received: \_\_\_\_\_ Date Processed: \_\_\_\_\_

Legislative Audit Advisory Council:	Are there unresolved findings listed below?	Yes or No
District Attorney:	Are there findings of criminal acts?	Yes or No
Board of Ethics:	Are there findings of ethics, nepotism, or related parties?	Yes or No
State Bond Commission (SBC):	Are there any findings relating to violations of bond indentures?	Yes or No
	Does the report express going-concern reservations?	Yes or No
	Does the entity have a deficit greater than 5% of revenue? If so, identify the page(s) No(s) _____	Yes or No
High Profile:	Are there any significant findings?	Yes or No

Report: Approved for Release \_\_\_\_\_ Date: \_\_\_\_\_ Rank A B C D

(A=No Comments; B=Management Letter Comments Only; C=Control/Compliance Report(s) Comments; D=Criminal/Fraud Acts)  
 Note: For grading purposes, schedules of immaterial findings are treated as a management letter

**REPORT DISTRIBUTION**

File Room (Original Unbound Copy)	①	State of State (State CAFR Entities)	See Below
Attorney General	①	Investigative Group (Criminal Acts)	1
Clerk of Court _____	①	Board of Ethics	1
Kenner Office	1	Actuarial Section (State/Statewide Retirement Systems)	1
Shreveport Office	1	Engagement Manager (SBC's Copy)	1
District Attorney _____	1	Quality Assurance	1
Legislative Auditor (High Profile)	1	_____ Parish Government	1
Assistant Legislative Auditor (High Profile)	1	City/Village/Town of _____	1
Other (High Profile) _____	1	Other: _____	1
Press Bureau Chiefs (High Profile)	8	Other: _____	1
Press	②		
Archives	①	Distribution Approval (Initials) _____	
Legislative Audit Advisory Council	1	Copies Needed: _____ Copies TBM _____	