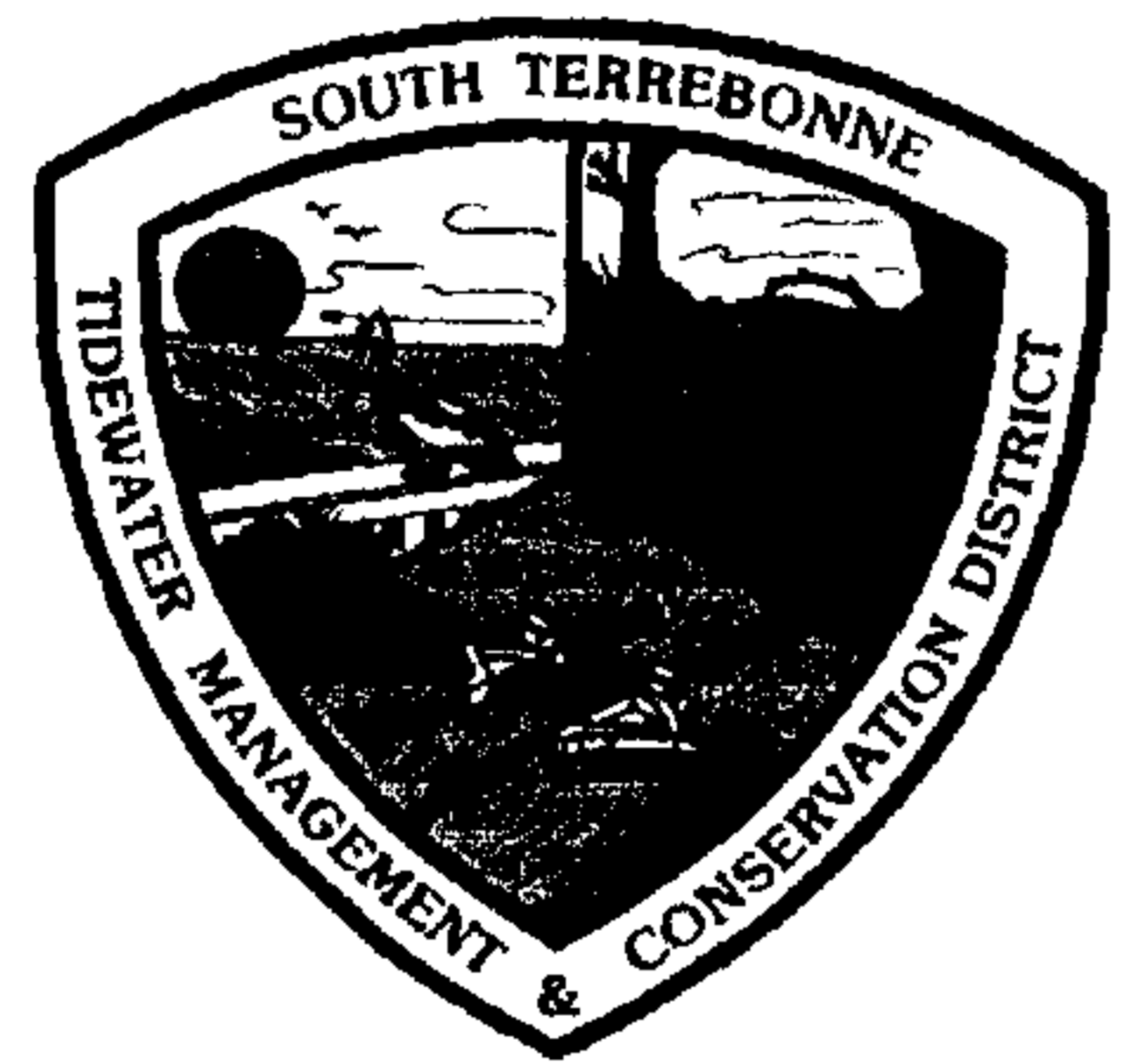


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**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana



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

**As of June 30, 1998
and for the years ended June 30, 1998 and 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 03 1999

T.S. KEARNS & CO.
CPA

(A Professional Corporation)
Timothy S. Kearns, MBA, CPA
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**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana

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

As of June 30, 1998
and for the years ended June 30, 1998 and 1997

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INDEPENDENT AUDITOR'S REPORT

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

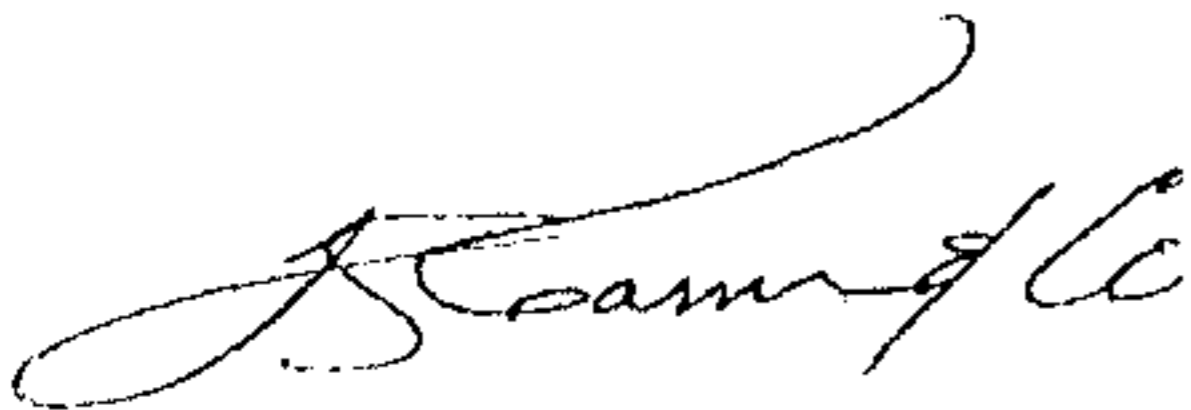
We have audited the accompanying general-purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, a component unit of the State of Louisiana, as of June 30, 1998, and for the years ended June 30, 1998 and 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the South Terrebonne Parish Tidewater Management and Conservation District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the South Terrebonne Parish Tidewater Management and Conservation District as of June 30, 1998, and the results of its operations for the years ended June 30, 1998 and 1997 in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 1998 on our consideration of the South Terrebonne Parish Tidewater Management and Conservation District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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



December 4, 1998

TIMOTHY S. KEARNS
MASTER OF BUSINESS ADMINISTRATION
CERTIFIED PUBLIC ACCOUNTANT

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**SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
June 30, 1998

	GOVERNMENTAL FUND <u>GENERAL FUND</u>	ACCOUNT GROUP <u>GENERAL FIXED ASSETS</u>	TOTAL (MEMORANDUM ONLY) <u>ONLY</u>
ASSETS AND OTHER DEBITS			
Assets:			
Cash and cash equivalents	\$ 1,357,996		\$ 1,357,996
Receivables	305		305
Intergovernmental receivable	112,262		112,262
Hurricane protection system		\$ 37,882,014	37,882,014
Equipment		591,580	591,580
	<u>1,470,563</u>	<u>38,473,594</u>	<u>39,944,157</u>
TOTAL ASSETS AND OTHER DEBITS	\$ <u>1,470,563</u>	\$ <u>38,473,594</u>	\$ <u>39,944,157</u>
LIABILITIES, EQUITY, AND OTHER CREDITS			
Liabilities:			
Accounts payables	\$ 162,654		\$ 162,654
Compensated absences	44,052		44,052
	<u>206,706</u>		<u>206,706</u>
Total Liabilities	<u>206,706</u>		<u>206,706</u>
Equity and Other Credits:			
Investment in general fixed assets		\$ 38,473,594	38,473,594
Fund balances:			
Unreserved-undesignated	1,263,857		1,263,857
	<u>1,263,857</u>	<u>38,473,594</u>	<u>39,737,451</u>
Total Equity and Other Credits	<u>1,263,857</u>	<u>38,473,594</u>	<u>39,737,451</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ <u>1,470,563</u>	\$ <u>38,473,594</u>	\$ <u>39,944,157</u>

The accompanying notes are an integral part of this statement.

**SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
GOVERNMENTAL FUND - GENERAL FUND
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1998

	GOVERNMENTAL FUND <hr/> GENERAL FUND <hr/>
REVENUES	
Intergovernmental revenue	\$ 500,351
Interest	44,953
Property taxes	<u>852,031</u>
Total revenues	<u>1,397,335</u>
EXPENDITURES	
Hurricane protection:	
Commissioners' per diem	12,750
Insurance	111,189
Other	128,560
Professional fees	124,780
Rent	8,400
Repairs and maintenance	113,094
Salaries	223,240
Travel	6,545
Capital outlay	
Equipment	68,337
Hurricane protection system	<u>442,888</u>
Total expenditures	<u>1,239,783</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	157,552
FUND BALANCES AT BEGINNING OF YEAR	<u>1,106,305</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 1,263,857</u></u>

The accompanying notes are an integral part of this statement.

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

Chauvin, Louisiana

GOVERNMENTAL FUND - GENERAL FUND

**Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Year Ended June 30, 1997

	GOVERNMENTAL FUND <hr/> GENERAL FUND <hr/>
REVENUES	
Intergovernmental revenue	\$ 1,226,501
Interest	36,468
Property taxes	<u>628,141</u>
Total revenues	<u>1,891,110</u>
EXPENDITURES	
Hurricane protection:	
Commissioners' per diem	11,550
Insurance	113,761
Other	82,597
Professional fees	29,831
Rent	8,400
Repairs and maintenance	71,699
Salaries	236,828
Travel	9,791
Capital outlay	
Equipment	25,000
Hurricane protection system	<u>1,226,742</u>
Total expenditures	<u>1,816,199</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	74,911
FUND BALANCES AT BEGINNING OF YEAR	<u>1,031,394</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,106,305</u>

The accompanying notes are an integral part of this statement.

**SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
GOVERNMENTAL FUND - GENERAL FUND
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(Non-GAAP Basis) and Actual
For the Year Ended June 30, 1998

	GENERAL FUND		
	BUDGET	ACTUAL (Non-GAAP Budget Basis)	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Intergovernmental revenue	\$ 1,549,000	\$ 520,017	\$ (1,028,983)
Interest	30,000	44,953	14,953
Property taxes	620,000	977,720	357,720
Total revenues	<u>2,199,000</u>	<u>1,542,690</u>	<u>(656,310)</u>
EXPENDITURES			
Hurricane protection:			
Commissioners' per diem	12,600	12,750	(150)
Insurance	123,000	111,189	11,811
Other	85,600	127,957	(42,357)
Professional fees	36,000	110,676	(74,676)
Rent	8,400	8,400	0
Repairs and maintenance	70,500	91,559	(21,059)
Salaries	240,000	239,436	564
Travel	12,500	6,545	5,955
Capital outlay			
Equipment	30,000	49,193	(19,193)
Hurricane protection system	1,549,000	438,597	1,110,403
Total expenditures	<u>2,167,600</u>	<u>1,196,302</u>	<u>971,298</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	31,400	346,388	314,988
FUND BALANCES AT BEGINNING OF YEAR	<u>1,011,608</u>	<u>1,011,608</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,043,008</u>	<u>\$ 1,357,996</u>	<u>\$ 314,988</u>

The accompanying notes are an integral part of this statement.

**SOUTH TERREBONNE PARISH
TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
GOVERNMENTAL FUND - GENERAL FUND
**Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(Non-GAAP Basis) and Actual
For the Year Ended June 30, 1997**

	GENERAL FUND		
	BUDGET	ACTUAL (Non-GAAP Budget Basis)	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Intergovernmental revenue	\$ 2,085,000	\$ 1,719,543	\$ (365,457)
Interest	22,000	36,467	14,467
Property taxes	600,000	560,124	(39,876)
Total revenues	<u>2,707,000</u>	<u>2,316,134</u>	<u>(390,866)</u>
EXPENDITURES			
Hurricane protection:			
Commissioners' per diem	12,600	11,550	1,050
Insurance	115,000	115,422	(422)
Other	113,000	90,681	22,319
Professional fees	25,000	31,413	(6,413)
Rent	8,400	8,400	0
Repairs and maintenance	48,000	65,215	(17,215)
Salaries	235,000	238,869	(3,869)
Travel	9,500	9,804	(304)
Capital outlay			
Equipment	55,000	25,000	30,000
Hurricane protection system	2,052,000	1,726,718	325,282
Total expenditures	<u>2,673,500</u>	<u>2,323,072</u>	<u>350,428</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	33,500	(6,938)	(40,438)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,011,608</u>	<u>1,011,608</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,045,108</u>	<u>\$ 1,004,670</u>	<u>\$ (40,438)</u>

The accompanying notes are an integral part of this statement.

SOUTH TERREBONNE PARISH TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

Chauvin, Louisiana

Notes to the Financial Statements

As of June 30, 1998 and for the Two Years Ended June 30, 1998 and 1997

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the South Terrebonne Parish Tidewater Management and Conservation District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

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

C. FUND ACCOUNTING

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

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

Chauvin, Louisiana

Notes to the Financial Statements

As of June 30, 1998 and for the Two Years Ended June 30, 1998 and 1997

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

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

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

Governmental Funds

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

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

D. BASIS OF ACCOUNTING

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

Revenues

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

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

Chauvin, Louisiana

Notes to the Financial Statements

As of June 30, 1998 and for the Two Years Ended June 30, 1998 and 1997

Expenditures

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

E. BUDGETS

The South Terrebonne Parish Tidewater Management and Conservation District uses the following budget practices: Budgets for the years ended June 30, 1998 and 1997 were prepared on the cash (non-GAAP) basis. Budget appropriations lapse at year, if uncommitted. A reconciliation of excess of expenditures over revenues budget (non-GAAP) basis to excess of expenditures over revenues - modified accrual (GAAP) basis is as follows:

	June 30, 1998	June 30, 1997
Excess (Deficiency) of Revenues over Expenditures - Budget (non-GAAP) basis	\$ 346,388	\$ (6,938.00)
Net effect of conversion of revenues to modified accrual (GAAP) basis	(145,355)	(334,619.00)
Net effect of conversion of expenditures to modified accrual (GAAP) basis	(43,481)	506,873.00
Excess (Deficiency) of Revenues over Expenditures - budget (non-GAAP) basis	\$ <u>157,552</u>	\$ <u>165,316</u>

F. ENCUMBRANCES

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

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the

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

Chauvin, Louisiana

Notes to the Financial Statements

As of June 30, 1998 and for the Two Years Ended June 30, 1998 and 1997

South Terrebonne Parish Tidewater Management and Conservation District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the political subdivision's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The district had no investments with maturities which exceeded 90 days.

I. INVENTORIES

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

J. PREPAID ITEMS

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

K. FIXED ASSETS

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

L. COMPENSATED ABSENCES

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

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

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

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

Chauvin, Louisiana

Notes to the Financial Statements

As of June 30, 1998 and for the Two Years Ended June 30, 1998 and 1997

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

M. LONG-TERM OBLIGATIONS

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

N. FUND EQUITY

All fund equity was unreserved and undesignated.

2. REVENUE

Louisiana Revised Statutes 38:698 and 38:699 provide for an annual tax levy on all property within the Atchafalaya Basin Levee District. This includes the portion of Terrebonne Parish which is comprised of the South Terrebonne Parish Tidewater Management and Conservation District. The taxes are levied by the Atchafalaya Basin Levee District in May and billed to taxpayers in October. The Terrebonne Parish Sheriff collects the taxes and remits them to the Atchafalaya Basin Levee District, which is required to maintain the portion for the South Terrebonne Tidewater Management and Conservation District in a Special Revenue Fund. Revenues from taxes collected by the Atchafalaya Basin Levee District were \$628,141 for the year ended June 30, 1997.

Act 1407 in 1997 removed Terrebonne Parish from the Atchafalaya Basin Levee District and repealed the revenue allocation. It also created a levee district consisting of Terrebonne Parish designated it as the Terrebonne Levee and Conservation District. In the year ended June 30, 1998, the Terrebonne Levee and Conservation District levied a 5 mills tax on all of the property subject to taxation in Terrebonne Parish. The South Terrebonne Parish Tidewater Management and Conservation District received \$852,031 of this tax in the year ended June 30, 1998.

The District has also received revenue directly from the State of Louisiana through the Department of Transportation and Development (DOTD). The District received allocations from the State to be used for flood protection projects. Revenue from these allocations is recognized by the "expenditure driven" method, whereby revenue is recognized as qualified expenditures are incurred. Revenues from the State of Louisiana through DOTD were \$115,542 for the year ended June 30, 1998, and \$206,060 for the year ended June 30, 1997.

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

Chauvin, Louisiana

Notes to the Financial Statements

As of June 30, 1998 and for the Two Years Ended June 30, 1998 and 1997

The District received funding for marsh enhancement projects from the Department of Natural Resources, an agency of the State of Louisiana. Revenues from the Department of Natural Resources relating to these agreements was \$12,342 for the fiscal year ended June 30, 1998, and \$196,716 for the fiscal year ended June 30, 1997.

The District received funding of \$372,470 in the year ended June 30, 1998 and \$854,554 in the year ended June 30, 1997 through the State of Louisiana's Department of Transportation and Development (DOTD) to be used to conduct surveys and provide engineering services necessary to comply with the DOTD's In-Kind matching requirements for a feasibility study being conducted in conjunction with the U.S. Army Corp of Engineers. The study generally consists of surveying and hydraulics investigations necessary for the design of hurricane protection in Terrebonne and Lafourche parishes and is part of a feasibility study for flood protection projects in the Atchafalaya Basin from Morganza, Louisiana to the Gulf of Mexico.

During the year ended June 30, 1997, the District received \$33,265 from the Terrebonne Parish Consolidated Government and \$26,310 from the Louisiana Department of Military Affairs.

3. CASH AND CASH EQUIVALENTS

At June 30, 1998 the South Terrebonne Parish Tidewater Management and Conservation District has cash and cash equivalents totaling \$1,357,996 as follows:

Petty cash	\$	300
Interest-bearing demand deposits		70,567
U.S. Treasury Money Market		<u>1,287,129</u>
Total	\$	<u>1,357,996</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 1998, the South Terrebonne Parish Tidewater Management and Conservation District has \$83,738 in deposits (collected bank balances). These deposits are secured from risk by \$83,738 of federal deposit insurance. The U.S. Treasury Money Market of \$1,287,129 is uninsured and uncollateralized (GASB Category 3).

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

Chauvin, Louisiana

Notes to the Financial Statements

As of June 30, 1998 and for the Two Years Ended June 30, 1998 and 1997

4. RECEIVABLES

The receivables of \$112,262 at June 30, 1998, are as follows:

Class of Receivable	General Fund
Taxes:	
Ad valorem	\$ 2,451
Intergovernmental:	
State of Louisiana	<u>109,811</u>
Total	<u>\$ 112,262</u>

5. FIXED ASSETS

The changes in general fixed assets follow:

	Balance, June 30, 1997	Additions	Deletions	Balance, June 30, 1998
Hurricane protection system	37,439,127	\$ 442,887		\$ 37,882,014
Equipment	523,242	68,338		591,580
Total	<u>37,962,369</u>	<u>\$ 511,225</u>	<u>\$</u>	<u>\$ 38,473,594</u>

6. RETIREMENT SYSTEM

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

All full-time District employees are eligible to participate in the System. Benefits vest with 10 Years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary

SOUTH TERREBONNE PARISH TIDEWATER MANAGEMENT AND CONSERVATION DISTRICT

Chauvin, Louisiana

Notes to the Financial Statements

As of June 30, 1998 and for the Two Years Ended June 30, 1998 and 1997

multiplied by their years of credited service. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 1998, increased to 13.0% of annual covered payroll from the 12.4% and 12.0% required in fiscal years ended June 30, 1997 and 1996 respectively. The District's contributions to the System for the years ending June 30, 1998, 1997, and 1996 were \$27,713, \$27,303, and 29,666 respectively, equal to the required contributions for each year.

7. HEALTH CARE

The District provides health insurance to all employees of the District at no cost to the employees. The cost to the District for this insurance was approximately \$41,000 for the year ended June 30, 1998 and \$47,000 for the year ended June 30, 1997.

8. LITIGATION AND CLAIMS

There is existing and threatened litigation pending against the District and its insurers. As advised by the District's attorney, all matters are covered by insurance.

9. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year June 1999.

The District is aware of the computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting operations. The District can update its accounting software with very little cost.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determined until year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

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

Chauvin, Louisiana

Notes to the Financial Statements

As of June 30, 1998 and for the Two Years Ended June 30, 1998 and 1997

10. BUDGET

The budgets for the year ended June 30, 1998 and June 30, 1997 were not amended. Total actual revenue for the both years failed to meet budgeted revenue by more than 5%.

Supplemental Information Schedules

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

Chauvin, Louisiana

**Schedule of Per Diem and Travel Reimbursements Paid Commissioners
and Salary Payments and Travel Reimbursements Paid Officers and Managers
For the Two Years Ended June 30, 1998 and 1997**

	Year Ended June 30, 1998		Year Ended June 30, 1997	
	Number of Days	Total Payment	Number of Days	Total Payment
<u>Commissioners</u>				
Philip Fanguy, President	24	\$ 2,016	16	\$ 1,446
Roger Pellegrin			24	2,047
S. T. Kennedy	24	2,069	24	2,018
Allan Luke	24	1,983	10	912
Robert Marmade	24	1,875	16	1,358
Walton Daisy			23	2,432
Gilbert Talbert	24	1,871	19	1,677
Raymond Authement			6	504
Eugene Pellegrin			4	333
Leward Henry			6	474
David Crochet			6	470
Thomas Naquin	24	1,903		
Aloysius Poiencot	24	2,160		
Total payments		\$ <u>13,877</u>		\$ <u>13,671</u>
<u>Payments to officers and managers:</u>				
Jim Erny, Executive Director and Secretary of Board				
Salary payment		\$ 36,353		\$ 58,165
Travel reimbursement		4,200		7,521
		<u>40,553</u>		<u>65,686</u>
Jerome Zeringue, Operations Manager				
Salary payment		10,208		
Travel reimbursement		223		
		<u>10,431</u>		
Total Payments		\$ <u>50,984</u>		\$ <u>65,686</u>

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 1998

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>	<u>Additional Explanation</u>
96-1	Jun-96	See below	Yes See below		See below

Description of Finding:

The District contracted for hourly rate construction equipment, including a tractor/chopper, road grader, and a water truck, which were not advertised for bid. The total amounts paid for each of these was less than \$10,000 for the year. Bids for hourly rate construction equipment should include all construction equipment expected to be used by the District. Substantive audit test for compliance with this requirement applicable to the use of funds did not reveal instances of noncompliance of the public bid law. However, due to its significance, we (the prior auditor) consider this condition to be a reportable condition in the internal control structure. The District has no policy to update the bid on construction equipment when equipment not listed on the May, 1991 bid sheet is utilized. Hourly rates for construction equipment when rebid should include all construction equipment used presently as well as equipment expected to be used in the future.

Corrective Action taken:

The District did not foresee the need for this equipment when the current bid was advertised. The District re-advertised for bids on hourly rate equipment and included all construction equipment expected to be used.

Additional Explanation:

This finding was reported as a management letter by the prior auditor. It was also referenced both in the auditor's report on compliance and on internal control.

**SOUTH TERREBONNE PARISH TIDEWATER
MANAGEMENT AND CONSERVATION DISTRICT**
Chauvin, Louisiana
**Corrective Action Plan for
Current Year Audit Findings
For the Year Ended June 30, 1998**

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>98-1</u>	<u>See below</u>	<u>See below</u>	<u>Jerome P. Zeringue Operations Manager</u>	<u>June 30, 1999</u>

Description of Finding:

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

Corrective Action Planned:

The District's management will more closely monitor the budget versus actual comparison throughout the year and advise the Board of Commissioners if an amended budget is necessary.

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

Report on Compliance and on Internal control

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

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

We have audited the general purpose financial statements of the South Terrebonne Parish Tidewater Management and Conservation District, as of June 30, 1998, and for the years ended June 30, 1998 and June 30, 1997, and have issued our report thereon dated December 4, 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

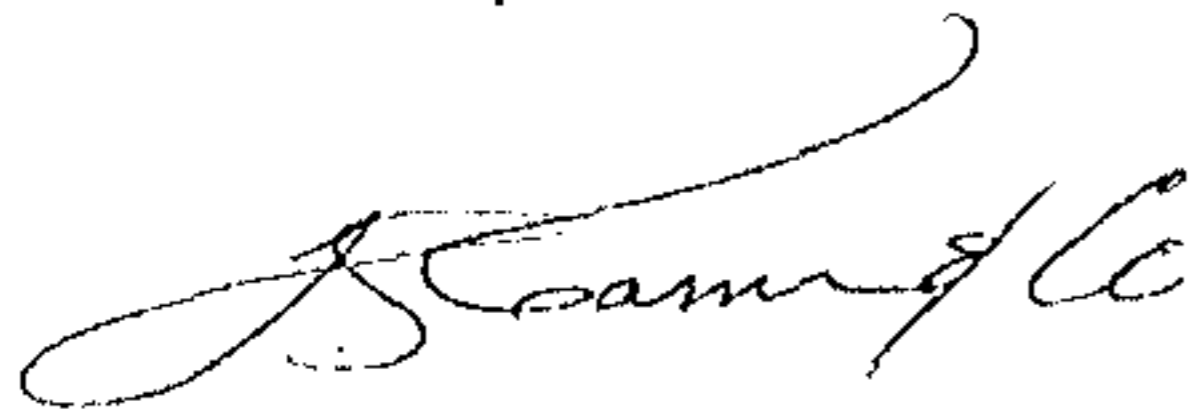
As part of obtaining reasonable assurance about whether the South Terrebonne Parish Tidewater Management and Conservation District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed a single instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying corrective action plan for current year audit findings as item 98-1

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the South Terrebonne Parish Tidewater Management and Conservation District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that would be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the

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

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

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

December 4, 1998