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Financial Report

Terrebonne Association for Retarded Citizens, Inc.

Houma, Louisiana

June 30, 2004

Release Date 1-26-05

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Terrebonne Association for Retarded Citizens, Inc.

June 30, 2004

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FINANCIAL SECTION

Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the governmental activities of the Terrebonne Association for Retarded Citizens, Inc. (the Association), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Terrebonne Association for Retarded Citizens, Inc. as of June 30, 2004, and the changes in financial position and the budgetary comparison for the Association for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association's basic financial statements. The accompanying combining governmental fund balance sheet – general fund departments at June 30, 2004 and the combining statement of governmental fund revenues, expenditures and changes in fund balance – general fund departments for the year then ended, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining governmental fund balance sheet – general fund departments at June 30, 2004 and the combining statement of governmental fund revenues, expenditures and changes in fund balance – general fund departments for the year then ended have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2004 on our consideration of the Terrebonne Association for Retarded Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit and performed in accordance with Government Audit Standards and should be read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 17, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Association for Retarded Citizens, Inc.

This section of the Association's financial report presents our discussion and analysis of the Association's financial performance during the year ended June 30, 2004. Please read it in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Assets of the Association exceeded its liabilities at June 30, 2004 by $6,714,457 (net assets). Of this amount, $3,604,264 (unrestricted net assets) may be used to meet the Association's ongoing obligations.

Intergovernmental revenues increased by $22,836 or a minimal .9% due to an increase in Department of Transportation and Development revenue while charges for services revenue increased by $311,691 or 10.7% primarily due to an increase in waiver funding. Miscellaneous revenues decreased by $141,578 or 63.9% due to insurance reimbursements for property damages in the prior fiscal year. Total revenues increased by $192,949 or 3.4%.

The Association's total expenditures increased by $281,643 or 5.2% with personal services increasing by 6.8% due to additional positions being added. Supplies and materials increased by 6.8% and other services and charges increasing by 8.3% due to increased habilitation services. Repairs and maintenance decreased by 32.3% due to major roof repairs in the prior fiscal year. Capital outlay decreased by 36.6% due to the purchase of a new group home in the prior fiscal year.

The Association's governmental fund reported that total assets increased by $407,770 or 11.1% while total liabilities, all of which are current, increased by $44,756 or 16.3%. Assets exceeded liabilities at June 30, 2004 by $3,750,815 (fund balance) an increase of $363,014 or 10.7%. Of this $3.7 million in fund balance, $92,619 is reserved and $3,658,196 is unreserved of which $3 million is designated for dedicated emergencies and contingencies and $87,702, which was received from donations, is designated for subsequent years' expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

With the implementation of Governmental Accounting Standards Board Statement 34, a government's presentation of financial statements has been greatly changed. The new statements focus on the Association as a whole (government-wide) and the major individual fund. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and should enhance the Association's accountability.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the Association as a whole and present a longer-term view of the Association's finances. For governmental activities, fund financial statements tell how these services were financed in the short term as well as what remains for future spending.

Reporting the Association as a Whole

One of the most important questions asked about the Association's finances is, "Is the Association as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Association as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most not-for-profit organizations and private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Association's net assets and changes in them. You can think of the Association's net assets – the difference between assets and liabilities – as one way to measure the Association's financial health, or financial position. Over time, increases or decreases in the Association's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Association's local, state and federal programs, to assess the overall health of the Association.

Reporting the Association as a Governmental Fund

The Association's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Association's general operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Association's programs. We describe the relationship (or differences) between activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations, which are reflected on the page following each statement (see Exhibits B and D).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the condensed Statement of Net Assets at June 30, 2004, with comparative figures from June 30, 2003:

TABLE A-1
Condensed Statement of Net Assets

	June 30, 2004	June 30, 2003	Dollar Change	Total Percent Change
Current and other assets	$ 4,070,808	$ 3,663,038	$ 407,770	11.1%
Capital assets	3,110,193	3,245,498	(135,305)	-4.2%
Total assets	7,181,001	6,908,536	272,465	3.9%
Long-term liabilities	146,551	137,879	8,672	6.3%
Other liabilities	319,993	275,237	44,756	16.3%
Total liabilities	466,544	413,116	53,428	12.9%
Net assets:				
Invested in capital assets	3,110,193	3,245,498	(135,305)	-4.2%
Unrestricted	3,604,264	3,249,922	354,342	10.9%
Total net assets	$ 6,714,457	$ 6,495,420	$ 219,037	3.4%

For more detailed information see Exhibit A, the Statement of Net Assets and Governmental Fund Balance Sheet.

Approximately 46.32% of the Association's net assets as of June 30, 2004, reflect the Association's investment in capital assets (land, buildings, office furniture and machinery and equipment). The Association uses these capital assets to provide services to the mentally retarded; consequently, these assets are not available for future spending. The remaining 53.68% of net assets, referred to as unrestricted, may be used to meet the ongoing obligations of the Association.

The table below provides a summary of the changes in net assets for the year ended June 30, 2004, with comparative figures from June 30, 2003:

TABLE A-2
Condensed Statement of Changes in Net Assets

	June 30, 2004	June 30, 2003	Dollar Change	Total Percent Change
Revenues:				
Intergovernmental	$ 2,557,599	$ 2,534,763	$ 22,836	0.9%
Charges for services	3,228,400	2,916,709	311,691	10.7%
Miscellaneous	80,134	221,712	(141,578)	-63.9%
Total revenues	5,866,133	5,673,184	192,949	3.4%
Expenses:				
Health and welfare	5,647,096	5,365,453	281,643	5.2%
Change in net assets	219,037	307,731	(88,694)	-28.8%
Beginning net assets	6,495,420	6,187,689	307,731	5.0%
Ending net assets	$ 6,714,457	$ 6,495,420	$ 219,037	3.4%

The Association's net assets increased by $219,037 during the current year, primarily due to the *increases in revenue described above in the financial highlights.*

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUND

Revenues for the Association's activities for the year ended June 30, 2004 were approximately $5.87 million. There are three funding categories: intergovernmental (44%), charges for services (55%) and miscellaneous (1%). The largest single funding source is local millage funds (intergovernmental category) at 35% of total revenues received. Title XIX funds at 16%, Medicaid Waiver funds at 21% and community work contracts at 9% are included in the charges for services category. Increases in intergovernmental revenues were a result of receiving grant revenue from the Department of Transportation and Development for the purchase of a vehicle this fiscal year while increases in charges for services revenue were a result of additional Medicaid Waiver clients and increases in waiver rates and the rate restructure. The Association's miscellaneous revenues decreased due to insurance proceeds from property damages being received last fiscal year.

The cost of all the Association's activities was approximately $5.65 million for the year ended June 30, 2004. There are five categories of expenditures. Since the Association is a provider of human services the personal services category is our largest expense category at 72%. The other categories are supplies and materials at 6.5%, other services and charges at 43.8%, repairs and maintenance at 3.4% and capital outlay 4.2%. There was an increase in personal services costs again this year due to the addition of several staff positions to accommodate an increase in the number of clients the Association serves and the services provided. The increase in supplies and materials resulted from increased need due to the expansion within the departments. Other services and charges increased due to continued increases in insurance costs and expansion of newer programs. Since there were fewer building and equipment repairs necessary this year, the repairs and maintenance category decreased. Capital outlay decreased due to the purchase of a new community home for our residential clients and the renovations to this home to meet all government regulations in the prior fiscal year.

The Association's financial position has continued to improve over the past several years and improved this year due to an excess of revenue and other sources over expenditures of $363,014. Factors, which will affect the Association's results of operation, follow. The Association constantly faces the possibility of funding cuts from our state and federal funding sources. This next fiscal year will be the first complete year under the new waiver program with different funding rates and more stringent regulations for billable service provisions. The total financial effect will not be known until the end of this next fiscal year. In addition, the state is expecting a $400 million reduction in Medicaid funding for next fiscal year. This reduction in the State's Medicaid funding may significantly impact our operations.

Departmental Analysis

General Operating Department:
General Operating Department revenue increased mainly due to a Department of Transportation and Development grant received this year. Expenditures decreased due to a decrease in repairs and maintenance of property and equipment.

Besides the administration of all programs our General Operating Department includes transportation services for adult clients to and from work throughout the parish. In addition, the Association's Shuttle System gives clients a large degree of independence by providing transportation for errands of personal independent living and recreational activities. Social opportunities are provided through the Association's Music Therapy Program, which strengthens coordination, concentration, social skills, speech development and enjoyment. Three of our music groups provide entertainment at community functions. The Association also sponsors People First, a self-advocacy organization for and run by people who have developmental disabilities. The Association's specialized services include Family Support Services, Advocacy Services and Nursing Services. Family Support Services assist families and individuals in coping with simple to highly complex problems. Services are provided by a Licensed Professional Counselor and a Social Worker and include client and family counseling, behavior training, psychological counseling, vocational counseling, vocation assessments, anger management, social counseling and resource referral. Our advocacy services offer family assistance in obtaining services and networking with needed support services. The Association's nursing staff consists of an RN and an LPN who administer daily medications and handle emergency medical situations.

Infant Department:
The Association's Infant Department revenue increased due to departmental growth and obtaining a grant to purchase equipment. Expenses increased due to insurance costs and equipment purchases. This department includes Sunshine Express Early Care & Education Center, which is a full-inclusion "Class A" Daycare offering developmentally appropriate care to 0-5 year old children.

School Department:
The Association's School Department includes a summer camp for individuals with moderate, severe or profound disabilities. Revenue for this year decreased due to a decrease in attendance. Expenses increased due to capital improvement projects, insurance costs and additional recreational activities added to the program. This department provides a summer camp, Camp Eagle, to any child between the ages of 6 to 22 who has a disability (Moderate, Severe or Profound Mental Retardation, or Serious Physical Impairment). The Association transports campers, provides lunch, snacks and activities which include swimming, weekly field trips, arts, crafts and music.

Adult Workshop Department:
The Association's Adult Workshop Department revenues increased this year due to an increase in individuals receiving waiver funding, and the reimbursement methodology used in the state waiver program. Increases in expenditures were a direct result of additional staff positions and related expenditures to accommodate an increase in enrollment. Day habilitation services are provided through this department where clients receive training and hands-on work experience in manufacturing and providing services for the community. This sheltered workshop employment consists of prevocational habilitation and day habilitation for severe and profound individuals. To accomplish this, our clients are trained, provide services and work in a variety of different settings such as: arts and crafts, wood/metal, greenhouse, packaging, restaurant and cafeteria. The Association's mobile crews are trained to provide janitorial services and lawn maintenance services to businesses in the community. In our Supported Employment Program, our clients are trained and placed in a job in the community. With the Association's continued training and support, these clients are able to work in normal work settings.

Residential Departments:
Residential services provide for habilitation and care through our Community Homes, Center-Based and In-Home Respite (including personal care attendant, PCA), and Supervised Independent Living (SIL) departments. Our three community homes provide skills training in the areas of household chores, grooming, exercise, meal preparation, laundry skills and daily routines. SIL offers an array of services to assist our clients in living as independently as possible in the community and include training, consultation, day and night companions and behavior companions. Respite and PCA services assist with activities of daily living and offers parents and/or guardians a time of rest.

Respite/Personal Care Attendant (PCA) Department
The Association's Respite/PCA department provides care of clients to aid the primary care giver. Revenue in the program increased due to a change in the reimbursement methodology and an increase in the number of clients receiving waiver funding and using waiver services. Consequently, expenses increased to provide the additional services.

Supervised Independent Living (SIL) Department
Supervised Independent Living provides assistance to clients with daily living. Revenue in the program decreased due to a change in the rate reimbursement method from the state. Expenditures increased due to increases in direct support staff that resulted in an increase in the allocation of central office costs.

Dixie Community Home Department
Dixie Community Home revenue decreased due to the state's reduction in the reimbursement rate this year while expenditures increased minimally due to fire marshal requirements.

Wellington Community Home Department
Wellington Community Home revenue decreased due to the state's reduction in the reimbursement rate this year while expenditures decreased due to the purchase and renovations of a new home for our clients in the prior year.

Jane Community Home Department
Jane Community Home revenue increased due to an increase in the reimbursement rate as a result of the home changing from a Level 4 to a Level 6 Home and the additional E-rate received for one of our residents. Expenditures increased due to increases in salary and benefits to direct support staff and additional staffing needed to provide services in Level 6 Homes and to E-rate residents.

BUDGETARY HIGHLIGHTS

Budget adjustments are made mid-year to account for any significant deviation from beginning year projections. Only if there is a substantial budget deviation will the annual budget be adjusted in the second half of the year. During the current year, the budget was only amended at mid-year to prevent budgeted revenue and expense overruns. The total difference between the original budget and the amended budget was a change of $120,385 from a deficit of $57,483 to a surplus of $62,902. This increase was the result of an increase in revenues and other sources of $437,262 and an increase in expenditures of $316,877 to account for increased services in various programs. There was only a minimal 1.2% budget variance in revenues due mainly to increases in Medicaid Waiver Funding (charges for services). Expenditures were less than budget by 4.0% since salaries are budgeted as being fully staffed when several positions were vacant for part of this year and a reduction in the need for capital asset purchases. Annual capital outlay is projected according to possible needs while actual expenditures can be significantly less than projected if operating equipment continues to perform efficiently. Consequently, the result of operations, which was projected as a deficit, was actually a surplus of 6.1% of revenues.

CAPITAL ASSET ADMINISTRATION

The Association's investment in capital assets as of June 30, 2004, amounts to $3,110,193 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture, machinery and equipment as shown in Table A-3. This amount represents a net decrease of $135,305, or 4.2 percent, less than last year.

TABLE A-3
Capital Assets
(Net of depreciation)

	June 30, 2004	June 30, 2003	Dollar Change	Total Percent Change
Land	$ 214,895	$ 214,895	$ -	0.0%
Buildings	2,180,081	2,346,400	(166,319)	(7.1%)
Office furniture, equipment and fixtures	411,607	382,194	29,413	7.7%
Machinery and equipment	303,610	302,009	1,601	0.5%
Totals	$3,110,193	$3,245,498	($135,305)	(4.2%)

The majority of this year's capital improvements during the current year included the following:

- Replacement vehicles - $90,436
- Replacement air conditioning equipment - $47,369
- Renovation to buildings - $39,200

The reduction in capital assets during the current year included the following:

- Residential property replaced in the prior year - $117,697
- Vehicles replaced this year - $70,554

The Association's fiscal year 2005 capital budget calls for it to spend another $208,900 for capital projects, principally for the purchase of a new truck, a roof replacement, renovations to several buildings and the replacement of equipment. The Association has no plans to issue debt to finance these projects. Rather, the Association will use available resources. More detailed information about the Association's capital assets is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Association's Board of Directors and management considered many factors when setting the fiscal year 2005 budget. These factors include any unusual conditions, one-time expenditures and changes in rates or fees that occurred during the 2004 fiscal year or whose effects are determinable at the time of budget preparations for the 2005 fiscal year. Accordingly, the anticipated State Medicaid reductions discussed on page 7 have not been incorporated into the budget for 2005.

Revenues for fiscal year 2005 are projected to be $5,819,969, approximately $134,305 less than 2004 fiscal year revenues and other sources. There are no significant changes in revenue for next fiscal year. Budgeted expenditures are expected to rise 5.2 percent to $5,884,128. The most significant increase in is personal services due to all positions being budgeted at full time status rather than contract employment being used for vacant positions and a fifty cents per hour increase for direct care staff providing services in the waiver program. Other services and charges are also expected to increase due to increases in insurance rates while supplies and materials and repairs and maintenance are expected to increase minimally due to minimal price increases. The Association's fund balance is expected to decrease by approximately $64,000 as a result of the expected decrease in revenues and increase in expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Association's finances for all those with an interest in the Association's finances. If you have any questions about this report or need additional financial information, contact Terrebonne Association for Retarded Citizen's, Controller, No. 1 McCord Road, Houma, Louisiana 70363.

Exhibit A

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET

Terrebonne Association for Retarded Citizens, Inc.

June 30, 2004

	General Fund	Adjustments (Exhibit B)	Statement of Net Assets
Assets			
Cash	$ 817,125	$ -	$ 817,125
Investments	2,742,021	-	2,742,021
Receivables:			
Accounts	32,992	-	32,992
Other	20,829	-	20,829
Due from other governmental units	364,887	-	364,887
Inventories	92,619	-	92,619
Deposits	335	-	335
Other capital assets:			
Non-depreciable	-	214,895	214,895
Depreciable, net of accumulated depreciation	-	2,895,298	2,895,298
Total assets	$ 4,070,808	3,110,193	7,181,001
Liabilities			
Accounts payables and accrued expenditures	$ 319,993	-	319,993
Long-term liabilities -			
Due after one year	-	146,551	146,551
Total liabilities	319,993	146,551	466,544
Fund Balances/Net Assets			
Fund balances:			
Reserved:			
Inventories	92,619	(92,619)	-
Unreserved:			
Designated for dedicated emergencies and contingency fund	3,000,000	(3,000,000)	-
Designated for subsequent years' expenditures	87,702	(87,702)	-
Undesignated	570,494	(570,494)	-
Total fund balances	3,750,815	(3,750,815)	-
Total liabilities and fund balances	$ 4,070,808		
Net assets:			
Invested in capital assets		3,110,193	3,110,193
Unrestricted		3,604,264	3,604,264
Total net assets		$ 6,714,457	$ 6,714,457

See notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS

Terrebonne Association for Retarded Citizens, Inc.

June 30, 2004

Fund Balances - Governmental Fund		$ 3,750,815
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	$ 5,644,158	
Less accumulated depreciation	(2,533,965)	3,110,193
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Compensated absences payable		(146,551)
Net Assets of Governmental Activities		$ 6,714,457

See notes to financial statements.

Exhibit C

STATEMENT OF ACTIVITIES AND STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 2004

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Intergovernmental	$ 2,557,599		$ 2,557,599
Charges for services	3,228,400		3,228,400
Miscellaneous	80,134		80,134
Total revenues	5,866,133		5,866,133
Expenditures/Expenses			
Health and welfare:			
Current:			
Personal services	4,026,929	$ 8,672	4,035,601
Supplies and materials	363,944	-	363,944
Other services and charges	773,181	23,720	796,901
Repairs and maintenance	189,782	-	189,782
Depreciation	-	260,868	260,868
Capital outlay	237,424	(237,424)	-
Total expenditures/expenses	5,591,260	55,836	5,647,096
Excess of revenues over expenditures	274,873	(55,836)	219,037
Other Financing Sources			
Proceeds of capital asset dispositions	88,141	(88,141)	-
Excess of Revenues and Other Sources Over Expenditures	363,014	(143,977)	-
Change in Net Assets	-	-	219,037
Fund Balance/Net Assets			
Beginning of year	3,387,801	3,107,619	6,495,420
End of year	$ 3,750,815	$ 2,963,642	$ 6,714,457

See notes to financial statements.

RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 2004

Net Change in Fund Balance - Governmental Fund		$ 363,014
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 237,424	
Depreciation expense	(260,868)	
Exeess of depreciation expense over capital outlay		(23,444)
The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and donations, is to decrease net assets		
Loss on capital asset dispositions	(23,720)	
Proceeds of capital asset dispositions	(88,141)	(111,861)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund.		
Increase in compensated absences payable		(8,672)
Change in Net Assets of Governmental Activities		$ 219,037

See notes to financial statements.

Exhibit E

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

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
Revenues				
Intergovernmental	$ 2,583,526	$ 2,569,216	$ 2,557,599	$ (11,617)
Charges for services	2,787,383	3,154,544	3,228,400	73,856
Miscellaneous	76,200	77,761	80,134	2,373
Total revenues	5,447,109	5,801,521	5,866,133	64,612
Expenditures				
Health and welfare:				
Current:				
Personal services	3,995,085	4,257,956	4,026,929	231,027
Supplies and materials	335,131	347,918	363,944	(16,026)
Other services and charges	782,776	786,640	773,181	13,459
Repairs and maintenance	131,500	156,813	189,782	(32,969)
Capital outlay	260,100	272,142	237,424	34,718
Total expenditures	5,504,592	5,821,469	5,591,260	230,209
Excess (deficiency) of revenues over expenditures	(57,483)	(19,948)	274,873	294,821
Other Financing Sources				
Proceeds of capital asset dispositions	-	82,850	88,141	5,291
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(57,483)	62,902	363,014	300,112
Fund Balance				
Beginning of year	3,387,801	3,387,801	3,387,801	-
End of year	$ 3,330,318	$ 3,450,703	$ 3,750,815	$ 300,112

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Association for Retarded Citizens, Inc.

June 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Association for Retarded Citizens, Inc. (the Association) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

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

The Association is fiscally dependent upon the Terrebonne Parish Consolidated Government (the Parish) for a significant amount of its intergovernmental revenue, accordingly the Association is a component unit of the Parish and as such, these component unit financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2004.

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

b) Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Association. The government-wide presentation focuses primarily on the sustainability of the Association as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the Association continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the Association:

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

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The Association's intergovernmental fundings are described in Note 3. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the Association 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 accumulated unpaid vacation and sick pay which is recognized when paid. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) *Use of Estimates*

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

e) Operating Budgetary Data

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

f) Accounts Receivable

The financial statements of the Association contain no allowance for uncollectible accounts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the Association.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Investments

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met. Investments during the year consisted of certificates of deposit and LAMP.

h) Inventories

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

i) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of $500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with an estimated historical cost amounted to approximately $538,390 or 9.54% of the total. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (Continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 - 40 years
Office furniture, equipment and fixtures	5 – 12 years
Machinery and equipment	5 – 25 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

j) Long-Term Obligations

The accounting treatment of long-term obligations depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of accrued compensated absences: vacation and sick leave.

Fund Financial Statements:

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements.

k) Vacation and Sick Leave

The Association's policies regarding vacation and sick leave permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as a long-term obligation in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Vacation and Sick Leave (Continued)

Vacation benefits accrue each pay period of employment. The Association grants paid vacation time to regular, full-time employees who work at least 240 days per year according to their continuous length of service with the Association. The length of paid vacation time is as follows:

Years of service	Paid vacation allowance
Less than 1 year	None
1 year to 3 years	5 days
4 years to 9 years	10 days
10 years to 19 years	15 days
20 years and above	20 days

Employees are not allowed to carry forward more than 20 days per year.

All regular full-time employees who work 240 days or more per year are eligible for eight days of paid sick time each year. Those full-time employees who work less than 240 days per year are eligible for eight days of paid sick time each year and two personal days. Personal days will be given on the employee's anniversary date after one year of employment and will not be carried forward. Employees may accumulate a maximum of up to 30 days of paid sick time.

Upon resignation or termination, employees are paid for all accumulated vacation leave and one-half of unused sick time accrued by employees prior to November 9, 1993 provided the employee is in good standing. Payment for accrued sick time will be based on the employee's rate of pay on November 9, 1993. Employees are not paid for sick time earned after November 9, 1993.

l) Allocation of Expenditures

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. At June 30, 2004 the Association had no outstanding borrowings.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use, it is the Association's policy to use restricted resources first, then unrestricted resources as they are needed. As of June 30, 2004 and for the year then ended, the Association did not have or receive restricted net assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent the Board of Directors' intention to hold $3,000,000 for dedicated emergencies and contingencies and the Board of Director's tentative plans for the future use of $87,702 of financial resources. See Note 10 for additional disclosures.

Note 2 - DEPOSITS AND INVESTMENTS

It is the Association's policy to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits:

The Association is a quasi-governmental entity which is not required to comply with Louisiana laws relating to collateralization of cash and investments. The Association, however, obtains collateralization for cash at financial institutions which is in excess of the FDIC insurance. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

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

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

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

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

The year end balances of deposits are as follows:

	Bank Balances Category			Book
	1	2	3	Balance
Cash	$100,000	$ -	$ 758,735	$ 814,383
Other deposits:				
Certificates of deposit	600,000	-	1,300,000	1,900,000
Totals	$700,000	$ -	$2,058,735	$2,714,383

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2004, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the Association. 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.

Investments:

It is the Association's policy to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool.

Investments held at June 30, 2004 consist of $842,021 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at June 30, 2004 is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

A reconciliation of deposits and investments as shown on the Statement of Net Assets and Governmental Fund Balance Sheet is as follows:

Cash on hand	$ 2,742
Carrying amount of deposits	2,714,383
Carrying amount of investments	842,021
Total	$3,559,146
Cash	$ 817,125
Investments	2,742,021
Total	$3,559,146

Note 3 - FUNDING POLICIES

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

Note 3 - FUNDING POLICIES (Continued)

The Association also receives contributions from the Parish. Monies from the Parish are from a 5.33 mill parish-wide ad valorem tax for the purpose of operating, maintaining and constructing facilities for the mentally retarded. Contributions from the Parish are reported as intergovernmental revenue and amounted to $2,054,696, net of $10,111 withheld by the Parish for administrative expenses, during the year ended June 30, 2004

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

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2004 consisted of the following:

State of Louisiana -	
Department of Health and Hospitals:	
Office of Family Security:	
Title XIX - Per diem	$ 74,000
Office for Citizens with	
Developmental Disabilities:	
Adult Habilitation	137,201
Independent Apartment Living	21,680
Respite	122,102
Department of Social Services:	
Office of Management and Finance:	
Child Care	2,473
Total State of Louisiana	357,456
Terrebonne Parish Consolidated Government	7,431
Total	$364,887

Exhibit F
(Continued)

Note 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Capital assets not being depreciated:				
Land	$ 214,895	$ -	$ -	$ 214,895
Capital assets being depreciated:				
Buildings	3,717,650	39,200	117,697	3,639,153
Office furniture, equipment and fixtures	780,084	107,788	70,905	816,967
Machinery and equipment	963,853	90,436	81,146	973,143
Total capital assets being depreciated	5,461,587	237,424	269,748	5,429,263
Less accumulated depreciation for:				
Buildings	(1,371,250)	(110,455)	(22,633)	(1,459,072)
Office furniture, equipment and fixtures	(397,890)	(67,201)	(59,731)	(405,360)
Machinery and equipment	(661,844)	(83,212)	(75,523)	(669,533)
Total accumulated depreciation	(2,430,984)	(260,868)	(157,887)	(2,533,965)
Total capital assets being depreciated, net	3,030,603	(23,444)	111,861	2,895,298
Total capital assets, net	$3,245,498	$ (23,444)	$111,861	$3,110,193

Exhibit F
(Continued)

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at June 30, 2004 consisted of the following:

Vendors	$ 123,180
Salaries and Benefits	194,339
Other	2,474
Total	$ 319,993

Note 7 - LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations of the Association for the year ended June 30, 2004:

Long-term obligations, July 1, 2003	$137,879
Net increase in accumulated unpaid vacation and sick leave	8,672
Long-term obligations, June 30, 2004	$146,551

Note 8 - RISK MANAGEMENT

The Association is exposed to various risks of loss related to group health benefits; workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Association carries commercial insurance. No settlements were made during the year that exceeded the Association's insurance coverage.

Note 9 - RETIREMENT PLAN

The Association established a Cash or Deferred Profit-Sharing Plan, under Internal Revenue Code Section 403 (b), for its eligible employees as of January 1, 1994. Under this plan participating employees are permitted to make elective deferrals in any amount from 1% to 20% of their compensation and the Association will match a discretionary amount equal to 50% of the amount contributed by the employee. For the period July through December 2003, the Association matched up to 3% of the employee's compensation and 4% for the period January through June 2004. Employees are fully vested immediately upon participating in the plan. The Association's cost of the plan for the year ended June 30, 2004 is $45,857.

Note 10 - RESERVES IN FUND BALANCE

A summary of changes in fund balance reserves follows:

	Balances July 1, 2003	Additions	Deletions	Balances June 30, 2004
Prepaid insurance	$150,453	$172,890	$323,343	$ -
Inventories	99,465	92,619	99,465	92,619
Totals	$249,918	$265,509	$422,808	$92,619

Note 11 - LITIGATION

The Association was found guilty of discrimination in an Equal Employment Opportunity Commission (EEOC) discrimination claim. The EEOC issued a "right to sue" notice to the claimant on May 5, 2003. In that letter, the EEOC stated that it will not bring a civil action against the Association. On or about July 17, 2003, the Association received a copy of a complaint filed by the claimant in U. S. District Court in New Orleans, Louisiana. Legal counsel believes that the Association will have to provide for its own defense. While it is not feasible to predict or determine the outcome of this matter, it is the opinion of management that the ultimate outcome will not have a material adverse effect on the financial position of the Association. Accordingly, no obligation for the claim has been recognized by the Association in the financial statements.

Note 12 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended June 30, 2004.

SUPPLEMENTARY INFORMATION SECTION

DEPARTMENTS

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

Infants - Provide financial resources for the care of infants on a daily basis.

School - Provide for the educational needs of the mentally retarded through the School for Exceptional Children.

Adult Workshop - Operate various day programs for the mentally retarded.

Respite/Personal Care Attendant - Provide for the care of clients on a temporary basis.

Supervised Independent Living - Assist clients with daily living expenses.

Dixie Community Home - Provide for the needs of the residents of the Dixie Community Home.

Wellington Community Home - Provide for the needs of the residents of the Wellington Community Home.

Jane Community Home - Provide for the needs of the residents of the Jane Community Home.

COMBINING GOVERNMENTAL FUND
BALANCE SHEET - GENERAL FUND DEPARTMENTS

Terrebonne Association for Retarded Citizens, Inc.

June 30, 2004

	Operating	Infants	School	Adult Workshop
Assets				
Cash	$ 815,251	$ -	$ -	$ 1,274
Investments	2,742,021	-	-	-
Receivables:				
Accounts	-	-	-	32,992
Other	17,265	171	-	2,821
Due from other governmental units	7,431	2,473	-	137,201
Due from other departments	232,055	7,258	6,465	(74,509)
Inventories	16,904	-	-	75,715
Deposits	30	-	-	-
Total assets	$ 3,830,957	$ 9,902	$ 6,465	$ 175,494
Liabilities				
Accounts payable and accrued expenditures	$ 155,857	$ 9,902	$ 6,465	$ 99,779
Fund Balance				
Reserved:				
Inventories	16,904			75,715
Unreserved:				
Designated for dedicated emergencies and contingency fund	3,000,000			-
Designated for subsequent years' expenditures	87,702			-
Undesignated	570,494			-
Total fund balance	3,675,100			75,715
Total liabilities and fund balance	$ 3,830,957	$ 9,902	$ 6,465	$ 175,494

Schedule 1

Respite/ Personal Care Attendant	Supervised Independent Living	Dixie Community Home	Wellington Community Home	Jane Community Home	Total
$ -	$ -	$ 150	$ 150	$ 300	$ 817,125
-	-	-	-	-	2,742,021
-	-	-	-	-	32,992
38	58	78	209	189	20,829
122,102	21,680	26,492	22,945	24,563	364,887
(103,948)	(18,082)	(17,654)	(15,448)	(16,137)	-
-	-	-	-	-	92,619
-	-	80	110	115	335
$ 18,192	$ 3,656	$ 9,146	$ 7,966	$ 9,030	$ 4,070,808
$ 18,192	$ 3,656	$ 9,146	$ 7,966	$ 9,030	$ 319,993
					92,619
					3,000,000
					87,702
					570,494
					3,750,815
$ 18,192	$ 3,656	$ 9,146	$ 7,966	$ 9,030	$ 4,070,808

COMBINING STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND DEPARTMENTS

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 2004

	Operating	Infants	School	Adult Workshop
Revenues				
Intergovernmental:				
State of Louisiana:				
Department of Health and Hospitals:				
Office for Citizens with Development Disabilities	$ -	$ -	$ -	$ 446,015
Department of Social Services:				
Office of Management and Finance	-	22,784	-	-
Department of Transportation and Development	34,104	-	-	-
Terrebonne Parish Consolidated Government	2,054,696	-	-	-
Charges for services	253,315	171,438	9,828	1,110,854
Miscellaneous:				
Interest	45,113	-	-	-
Donations and dues	23,080	-	-	100
Other	5,250	6,391	-	-
Total revenues	2,415,558	200,613	9,828	1,556,969
Expenditures				
Health and welfare:				
Current:				
Personal services	1,494,172	166,937	11,492	1,531,492
Supplies and materials	177,148	29,532	185	117,615
Other services and charges	330,096	19,424	14,838	262,403
Repairs and maintenance	136,849	2,551	935	31,508
Central administration and services	(1,755,641)	105,208	14,916	946,060
Capital outlay	121,055	7,923	4,643	91,388
Total expenditures	503,679	331,575	47,009	2,980,466
Excess (deficiency) of revenues over expenditures (carry forward)	1,911,879	(130,962)	(37,181)	(1,423,497)

Respite/ Personal Care Attendant	Supervised Independent Living	Dixie Community Home	Wellington Community Home	Jane Community Home	Total
$ -	$ -	$ -	$ -	$ -	$ 446,015
-	-	-	-	-	22,784
-	-	-	-	-	34,104
-	-	-	-	-	2,054,696
513,869	222,453	344,930	307,598	294,115	3,228,400
-	-	-	-	-	45,113
-	100	-	100	-	23,380
-	-	-	-	-	11,641
513,869	222,553	344,930	307,698	294,115	5,866,133
342,294	71,378	149,094	126,863	133,207	4,026,929
1,207	691	15,988	10,031	11,547	363,944
15,058	5,003	45,569	41,521	39,269	773,181
2,081	1,201	8,589	4,347	1,721	189,782
218,290	47,247	162,685	131,295	129,940	-
1,000	-	11,415	-	-	237,424
579,930	125,520	393,340	314,057	315,684	5,591,260
(66,061)	97,033	(48,410)	(6,359)	(21,569)	274,873

continued

	Operating	Infants	School	Adult Workshop
Excess (deficiency) of revenues over expenditures (brought forward)	1,911,879	(130,962)	(37,181)	(1,423,497)
Other Financing Sources (Uses)				
Operating transfers in:				
Operating	-	130,962	37,181	1,315,909
Supervised Independent Living	97,033	-	-	-
Dixie Community Home	-	-	-	38,866
Wellington Community Home	-	-	-	34,755
Jane Community Home	-	-	-	29,527
Operating transfers out:				
Operating	-	-	-	-
Infants	(130,962)	-	-	-
School	(37,181)	-	-	-
Adult Workshop	(1,315,909)	-	-	-
Respite	(66,061)	-	-	-
Dixie Community Home	(87,276)	-	-	-
Wellington Community Home	(41,114)	-	-	-
Jane Community Home	(51,096)			
Proceeds of capital asset dispositions	88,141	-	-	-
Total other financing sources (uses)	(1,544,425)	130,962	37,181	1,419,057
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	367,454	-	-	(4,440)
Fund Balance				
Beginning of year	3,307,646			80,155
End of year	$ 3,675,100	$ -	$ -	$ 75,715

Schedule 2
(Continued)

Respite/ Personal Care Attendant	Supervised Independent Living	Dixie Community Home	Wellington Community Home	Jane Community Home	Total
(66,061)	97,033	(48,410)	(6,359)	(21,569)	274,873
66,061	-	87,276	41,114	51,096	1,729,599
-	-	-	-	-	97,033
-	-	-	-	-	38,866
-	-	-	-	-	34,755
-	-	-	-	-	29,527
-	(97,033)	-	-	-	(97,033)
-	-	-	-	-	(130,962)
-	-	-	-	-	(37,181)
-	-	(38,866)	(34,755)	(29,527)	(1,419,057)
-	-	-	-	-	(66,061)
-	-	-	-	-	(87,276)
-	-	-	-	-	(41,114)
					(51,096)
-	-	-	-	-	88,141
66,061	(97,033)	48,410	6,359	21,569	88,141
-	-	-	-	-	363,014
					3,387,801
$ -	$ -	$ -	$ -	$ -	$ 3,750,815

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

Bourgeois Bennett

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

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

We have audited the basic financial statements of the Terrebonne Association for Retarded Citizens, Inc. (the Association), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Association's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 a material

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weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 17, 2004.

SCHEDULE OF FINDINGS

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 2004

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	X no
• Reportable condition(s) identified that are not considered to be material weaknesses?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

b) Federal Awards

Terrebonne Association for Retarded Citizens, Inc. did not receive federal awards in excess of $500,000 during the year ended June 30, 2004 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended June 30, 2004.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 2004

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 2003.
No reportable conditions were reported during the audit for the year ended June 30, 2003.

Compliance

No compliance findings material to basic financial statements were noted during the audit for the year ended June 30, 2003.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Association for Retarded Citizens, Inc. did not receive federal awards in excess of $300,000 during the year ended June 30, 2003 and therefore was exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2003.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Association for Retarded Citizens, Inc.

For the year ended June 30, 2004

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 2004.
No reportable conditions were reported during the audit for the year ended June 30, 2004.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended June 30, 2004.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Association for Retarded Citizens, Inc. did not receive federal awards in excess of $500,000 during the year ended June 30, 2004 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2004.