



**Single Audit
OMB Circular
A-133
Supplementary
Financial
Report**

*For the year ended
December 31, 2006*



**TERREBONNE
PARISH
CONSOLIDATED
GOVERNMENT**

**HOUMA,
LOUISIANA**



**Single Audit
OMB Circular A-133
Supplementary Financial Report**



**For The Year Ended
December 31, 2006**

Terrebonne Parish Consolidated Government

Houma, Louisiana

Prepared by:

Finance Department, Division of Accounting

Terrebonne Parish Consolidated Government

Single Audit Under OMB Circular A-133

Supplementary Financial Report

***Terrebonne Parish Consolidated Government
(the Primary Government)***

Houma, Louisiana

For the year ended December 31, 2006

Supplementary Financial Report

Terrebonne Parish Consolidated Government (the Primary Government)

For the year ended December 31, 2006

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SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Parish President and the
Terrebonne Parish Council,
Houma, Louisiana.

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Terrebonne Parish Consolidated Government (the Primary Government), State of Louisiana, as of and for the year ended December 31, 2006, which collectively comprise the Primary Government's basic financial statements and have issued our report thereon dated June 26, 2007. 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.

We did not audit the discretely presented component unit financial statements of the Terrebonne General Medical Center, Houma-Terrebonne Airport Commission, Houma Area Convention and Visitors Bureau, Terrebonne Parish Port Commission, Terrebonne Economic Development Authority, Houma-Terrebonne Regional Planning Commission, Houma-Terrebonne Public Trust Financing Authority, Terrebonne Parish Coroner, City Court of Houma, District Attorney, Clerk of Court, Assessor, Terrebonne Parish Fire District No. 6, Bayou Cane Fire Protection District, Terrebonne Parish Recreation District No. 3, Terrebonne Parish Recreation District No. 6, Terrebonne Parish Recreation District No. 8, Terrebonne Parish Communications District, Firemen's Pension and Relief Fund and Judicial District Court Law Clerk Fund. Those financial statements were audited by other auditors and our report on internal control over financial reporting and on compliance does not include these entities. Other component units of the Primary Government have separate boards and accounting systems for which separate reports on compliance and internal control over financial reporting have been issued.

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Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Primary Government's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Primary Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Primary Government's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Primary Government's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Primary Government's financial statements that is more than inconsequential will not be prevented or detected by the Primary Government's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Primary Government's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Primary Government's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Primary Government in a separate letter dated June 26, 2007.

This report is intended solely for the information and use of the Parish President and Parish Council, management, the Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities 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,
June 26, 2007.



Bourgeois Bennett

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

To the Parish President and the
Terrebonne Parish Council,
Houma, Louisiana.

Compliance

We have audited the compliance of the Terrebonne Parish Consolidated Government (the Primary Government), State of Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. The Primary Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Primary Government's management. Our responsibility is to express an opinion on the Primary Government's compliance based on our audit.

The Primary Government's basic financial statements include the operations of the Houma-Terrebonne Airport Commission, Terrebonne Parish District Attorney, Terrebonne Council on Aging, Inc. and Terrebonne Levee and Conservation District, presented as component units. For the year reported, these entities, which were required to be audited for the types of compliance requirements described above, expended \$2,977,358, \$785,596, \$677,417 and \$1,189,484 respectively, of federal grant funding that does not appear in the accompanying schedule of expenditures of federal awards for the year ended December 31, 2006. Our audit of compliance, described below, did not include the programs of the Houma-Terrebonne Airport Commission, Terrebonne Parish District Attorney, Terrebonne Council on Aging, Inc. and Terrebonne Levee and Conservation District, as these entities were audited under separate engagements. The component units described in Note 2 to the schedule of expenditures of federal awards received federal awards and are not included in the schedule because these entities were audited under separate audit engagements and, in addition, were not subject to the types of compliance requirements described above.

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

As described in item 06-2 in the accompanying schedule of findings and questioned costs, the Primary Government did not comply with requirements regarding enrollment levels specified in the financial assistance award that are applicable to its Head Start Center Based Grant. Compliance with such requirements is necessary, in our opinion, for the Primary Government to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Primary Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the Primary Government is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Primary Government's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Primary Government's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Primary Government's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in the Primary Government's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Primary Government's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Primary Government's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 06-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Primary Government's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The Primary Government's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Primary Government's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Primary Government as of and for the year ended December 31, 2006, and have issued our report thereon dated June 26, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Primary Government's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the discretely presented component unit financial statements of the Terrebonne General Medical Center, Houma-Terrebonne Airport Commission, Houma Area Convention and Visitors Bureau, Terrebonne Parish Port Commission, Terrebonne Economic Development Authority, Houma-Terrebonne Regional Planning Commission, Houma-Terrebonne Public Trust Financing Authority, Terrebonne Parish Coroner, City Court of Houma, District Attorney, Clerk of Court, Assessor, Terrebonne Parish Fire District No. 6, Bayou Cane Fire Protection District, Terrebonne Parish Recreation District No. 3, Terrebonne Parish Recreation District No. 6, Terrebonne Parish Recreation District No. 8, Terrebonne Parish Communications District, Firemen's Pension and Relief Fund and Judicial District Court Law Clerk Fund. Those financial statements were audited by other auditors and our report on compliance with the requirements applicable to each major program and on internal control over compliance and on the

schedule of expenditures of federal awards does not include these entities. Other component units of the Primary Government have separate boards and accounting systems for which separate reports on compliance with the requirements applicable to each major program and internal control over compliance have been issued, as applicable.

This report is intended solely for the information and use of the Parish President and Parish Council, management, Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities 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,
June 26, 2007.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Terrebonne Parish Consolidated Government
(the Primary Government)**

For the year ended December 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Award/ Pass-Through Entity Identifying Number	Federal Expenditures*
U.S. Department of Agriculture:			
Food and Nutrition Service:			
<u>Pass-Through Program From:</u>			
<u>Louisiana Department of Education:</u>			
Child and Adult Care Food Program	10.558	25-013	\$ 120,677
Forest Service:			
<u>Pass-Through Program From:</u>			
<u>Louisiana Department of Agriculture & Forestry:</u>			
Urban and Community Forestry Program - Save the Trees Program	10.675	CFMS 643411	<u>2,750</u>
Total U.S. Department of Agriculture			<u>123,427</u>
U.S. Department of Commerce:			
National Oceanic and Atmospheric Administration:			
Coastal Zone Management Administration Awards - Bush Canal and Bayou Terrebonne Bank Stabilization Project			
	11.419	NA170A2165	<u>2,344</u>
<u>Pass-Through Programs From:</u>			
<u>Louisiana Department of Natural Resources:</u>			
Coastal Zone Management Administration Awards - Bush Canal and Bayou Terrebonne Bank Stabilization Project			
	11.419	435-300492 / DNR No. 2513-03-11	4,759
Terrebonne Parish Local Coastal Program			
	11.419	CFMS 629372 / DNR No. 2515-06-02 CFMS 639773 / DNR No. 2515-07-04	<u>44,000</u>
Subtotal Pass-Through Programs			<u>48,759</u>
Total U.S. Department of Commerce			<u>51,103</u>
U.S. Department of Housing and Urban Development:			
Office of Community Planning and Development:			
Community Development Block Grants/ Entitlement Grants			
	14.218	B-03-MC-22-0011 B-04-MC-22-0011 B-05-MC-22-0011 B-06-MC-22-0011	1,290,573
HOMB Investment Partnerships Program			
	14.239	M-02-UC-22-0209 M-04-MC-22-0209 M-05-MC-22-0209 M-06-MC-22-0209	451,530
Office of Economic Development:			
Opportunities for Youth Youthbuild Program			
	14.243	Y-02-IM-LA-0246	280,253
Section 8 Moderate Rehabilitation Single Room Occupancy			
	14.249	SRO Contract LA211SR0001	18,585
Office of Public and Indian Housing:			
Section 8 Housing Choice Vouchers			
	14.871	LA211VO	2,221,198
Section 8 Disaster Voucher Program			
	14.871	LA211D	<u>305,452</u>
Subtotal Direct Programs			<u>4,567,591</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Terrebonne Parish Consolidated Government
(the Primary Government)**

For the year ended December 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Award/ Pass-Through Entity Identifying Number	Federal Expenditures*
Office of Community Planning and Development:			
<u>Pass-Through Program From:</u>			
<u>Louisiana Department of Social Services:</u>			
<u>Office of Community Services:</u>			
Emergency Shelter Grants Program	14.231	CFMS 610767 CFMS 624065 CFMS 636059	<u>164,082</u>
Total U.S. Department of Housing and Urban Development			<u>4,731,673</u>
U.S. Department of the Interior:			
Fish and Wildlife Service:			
<u>Pass-Through Program From:</u>			
<u>Louisiana Department of Wildlife and Fisheries:</u>			
Sport Fish Restoration - Ashland Boat Launch	15.605	16-01-00-86-6 (Part 4B)	83,744
<u>Louisiana Department of Natural Resources:</u>			
Coastal Wetlands Planning, Protection and Restoration Act - Lake Boudreaux Freshwater Diversion Project Extension of Levee System	15.614	435-400526 / DNR No. 2511-04-08	<u>37,037</u>
Total U.S. Department of the Interior			<u>120,781</u>
U.S. Department of Justice:			
Bureau of Justice Assistance:			
Office of Justice Programs:			
Local Law Enforcement Block Grant Program	16.592	2004-LB-BX-0661 2005-LB-BX-0004	26,933
Edward Byrne Memorial Justice Assistance Grant Program (Operation P.E.A.C.E.)	16.738	2005-DJ-BX-0705 2006-DJ-BX-0579	42,001
Executive Office for Weed and Seed:			
Community Capacity Development Office	16.595	2004-WS-Q4-0198 2006-WS-Q6-0160	105,806
Office of Community Oriented Policing Services:			
Public Safety Partnership and Community Policing Grants -			
COPS Modified Universal Hiring Award	16.710	2003-UM-WX-0049	99,393
COPS Interoperable Communications Technology Program	16.710	2006-IN-WX-0002	<u>3,396</u>
Subtotal Direct Programs			<u>277,529</u>
Office of Victims of Crime:			
<u>Pass-Through Programs From:</u>			
<u>Louisiana Commission on Law Enforcement:</u>			
Crime Victim Assistance	16.575	C-04-7-021	13,135
Bureau of Justice Assistance:			
<u>Pass-Through Program From:</u>			
<u>Louisiana Commission on Law Enforcement:</u>			
Edward Byrne Memorial Justice Assistance Grant Program - Multi-Jurisdictional Task Force	16.738	B-05-7-015	<u>58,370</u>
Subtotal Pass-Through Programs			<u>71,505</u>
Total U.S. Department of Justice			<u>349,034</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Terrebonne Parish Consolidated Government
(the Primary Government)**

For the year ended December 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Award/ Pass-Through Entity Identifying Number	Federal Expenditures*
U.S. Department of Transportation:			
Federal Transit Administration:			
Federal Transit Formula Grants - Section 9 FTA			
	20.507	LA - 90 - X227 LA - 90 - X236 LA - 90 - X256 LA - 90 - X276 LA - 90 - X291	<u>1,138,264</u>
Pass-Through Program From:			
Louisiana Department of Transportation and Development:			
Formula Grants for Other Than Urbanized Areas - Rural Transportation Program			
	20.509	741-55-0104 / LA-18-X021 741-55-0106 / LA-18-X024	146,204
Federal Highway Administration:			
Pass-Through Programs From:			
Louisiana Department of Transportation and Development:			
Highway Planning and Construction - Hollywood Road Reconstruction (South) 4-Lane Westside Boulevard Extension			
	20.205	700-55-0101 / STP3008(004)M	211,233
	20.205	700-55-0104 / STP3035(001)M	96,508
National Highway Traffic Safety Administration:			
Pass-Through Programs From:			
Louisiana Highway Safety Commission:			
State and Community Highway Safety - Year Long			
	20.600	CFMS 630204 / PT 06-11-00 CFMS 638163 / PT 07-48-00	32,804
Pass-Through Programs From:			
South Central Planning and Development Commission:			
State and Community Highway Safety - Demonstration Project Targeting Alcohol Impaired Driving by Individuals Age 21 to 34			
	20.600	DTNH22-01-H-35156	<u>10,515</u>
			<u>497,264</u>
			<u>1,635,528</u>
Total U.S. Department of Transportation			
U.S. Department of Energy:			
Pass-Through Programs From:			
Louisiana Housing Finance Agency:			
Weatherization Assistance for Low-Income Persons - 2005-2006 2006-2007			
	81.042	n/a n/a	<u>94,766</u>
U.S. Department of Health and Human Services:			
Administration for Children and Families:			
Head Start Center Based			
	93.600	06CH7041/03	<u>1,276,078</u>
Pass-Through Programs From:			
Louisiana Department of Social Services - Louisiana Housing Financing Agency:			
Low-Income Home Energy Assistance - LIHEAP 2006 Supplemental LIHEAP FY 2006/2007			
	93.568	n/a n/a	45,406
Louisiana Department of Labor:			
Community Services Block Grant			
	93.569	2005P0073 / CFMS 619356 2006P0073 / CFMS 629635	325,538

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Terrebonne Parish Consolidated Government
(the Primary Government)**

For the year ended December 31, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures*</u>
Substance Abuse and Mental Health Services Administration:			
<u>Pass-Through Program From:</u>			
<u>Louisiana Department of Health and Hospitals - Office of Addictive Disorders:</u>			
Block Grants for Prevention and Treatment of Substance Abuse -			
Social Detox Program	93.959	DHH 042931 / CFMS 622034	<u>121,137</u>
Subtotal Pass-Through Programs			<u>492,081</u>
Total U.S. Department of Health and Human Services			<u>1,768,159</u>
U.S. Department of Homeland Security:			
<u>Pass-Through Programs From:</u>			
<u>Louisiana Office of Homeland Security and Emergency Preparedness:</u>			
Hebert Street FBMA Pump Station	83.548	UN1246-109-0002 / 1246-DR-LA	579,004
Emergency Food and Shelter National Board Program	97.024	370000-005 / LRO #005	10,184
Hazard Mitigation Plan/ Flood Mitigation Assistance	97.029	FMP 02-109-001	4,970
Disaster Grants - Public Assistance - Hurricane Katrina	97.036	1603-DR-LA	89,503
Disaster Grants - Public Assistance - Hurricane Rita	97.036	1607-DR-LA	578,835
Emergency Management Performance Grants	97.042	BMPG 2006 BMPG 2007	194,144
<u>Pass-Through Programs From:</u>			
<u>South Central Planning & Development Commission:</u>			
River Bayou Parish Mutual Aid and Assistance Task Force	97.004	2004-GB-T4-0004	
	97.067	2005-GB-T5-0004	<u>104,311</u>
Total U.S. Department of Homeland Security			<u>1,560,951</u>
Total Expenditures of Federal Awards			<u>\$ 10,435,422</u>

* Federal expenditures represent total expenditures for the program. Those expenditures may include amounts reimbursed by state and/or local matches.

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Terrebonne Parish Consolidated Government (the Primary Government)

December 31, 2006

Note 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Primary Government of the Terrebonne Parish Consolidated Government (the Primary Government). All federal expenditures of financial assistance received directly from federal agencies are included on the schedule, as well as expenditures of federal financial assistance passed-through other government agencies, including amounts reimbursed by state and/or local match.

Note 2 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting, which is described in Note 1 to the Primary Government's financial statements for the year ended December 31, 2006. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

We did not audit the following discretely presented component unit financial statements which received federal awards: Terrebonne General Medical Center, Houma-Terrebonne Airport Commission, Terrebonne Parish District Attorney, Bayou Cane Fire Protection District, Terrebonne Parish Fire District No. 6 and Terrebonne Parish Recreation District No. 6. Those financial statements were audited by other auditors. Terrebonne Parish Fire Districts No. 4A, 6, 7, 9 and 10, Coteau Fire Protection District, Schriever Fire Protection District, Bayou Cane Fire Protection District, Terrebonne Association for Retarded Citizens, Inc., Terrebonne General Medical Center, Terrebonne Parish Recreation District No. 4, 6, 7, 9, 10 and 11 and Consolidated Waterworks District No. 1 received federal funds but were not required to be audited under the Single Audit Act. Separate reports were issued on Houma-Terrebonne Airport Commission, Terrebonne Parish District Attorney, Terrebonne Council on Aging, Inc. and Terrebonne Levee and Conservation District as required under the Single Audit Act.

Note 3 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Terrebonne Parish Consolidated Government provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Formula Grants for other than Urbanized Areas - Rural Transportation Program	20.509	\$ 125,766

Note 4 - FINDINGS OF NONCOMPLIANCE

A finding of noncompliance is disclosed in the accompanying Schedule of Findings and Questioned Costs as compliance finding 06-2. The potential reimbursement effects of the finding is not ascertainable.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Terrebonne Parish Consolidated Government
(the Primary Government)**

For the year ended December 31, 2006

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

c) Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants
14.871	Section 8 Housing Choice Vouchers
93.600	Head Start Center Based
93.569	Community Services Block Grant

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Consolidated Government
(the Primary Government)

For the year ended December 31, 2006

Section I Summary of Auditor's Results (Continued)

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

Auditee qualified as low-risk auditee? X yes no

Section II Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended December 31, 2006.

Section III Federal Award Findings and Questioned Costs

Internal Control

06-1 Information on the federal program:

Federal Grantor – U. S. Department of Health and Human Services

Program Title – Head Start Center Based

Federal CFDA Number – 93.600

Federal Award/Pass-Through Identifying Number – 06CH7041/03

Criteria – The Head Start Act stipulates that the Federal Share of the total costs of the Head Start program will not exceed 80 percent of the total grantee budget unless a waiver has been granted (Head Start Act Section 640 (b)). Non-federal share must meet the same criteria for allowability as other costs incurred and paid with Federal funds.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

Terrebonne Parish Consolidated Government (the Primary Government)

For the year ended December 31, 2006

Section III Federal Award Findings and Questioned Costs (Continued)

06-1 (Continued)

Condition – The Parish has met the required 20 percent match using voluntary in-kind services; however the method of accumulating and reporting the in-kind match lacks controls for linking (recapping) the details from the original source documents (Time and Travel Sheets) to the monthly reports produced from the PROMIS system (software system used by the Terrebonne Parish Head Start Program for data accumulation). Furthermore, the monthly reports that were forwarded to the Finance Department did not agree to the yearly recap of in-kind due to updates in the system after the reports were forwarded. This caused the year-end SF 269, *Financial Status Report*, to have a different in-kind reported number than what the PROMIS system is reporting because the Finance Department accumulated the monthly reports submitted to them to include on the SF 269 report.

Questioned Costs – None

Context – Our test of the system indicates that the deficiency is systematic in nature.

Effect – The PROMIS system was not capturing all matching amounts. If the grantee agency, according to data within PROMIS, fails to obtain the required 20 percent, or other approved match, a disallowance of Federal funds may be taken when the grantee may have actually achieved the match.

Cause – The Head Start staff did not have a control to ensure that all data collected was inputted into the PROMIS system on a monthly basis.

Recommendation – A system should be developed and implemented by the Head Start Administration to require the preparation of recaps of the original source documents of in-kind contributions which would then be compared to the monthly reports produced by the PROMIS system and then to the yearly PROMIS report. Once the recap and the PROMIS report are reconciled, then the monthly report should be forwarded to the Finance Department for use in the SF 269 reporting. In addition, prior to preparation of the year-end SF 269, *Financial Status Report*, the Finance Department should determine that their monthly accumulation of the monthly in-kind reports agrees to the year-end recap of the in-kind contributions determined by the Head Staff. Finally, a

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Consolidated Government
(the Primary Government)

For the year ended December 31, 2006

Section III Federal Award Findings and Questioned Costs (Continued)

06-1 (Continued)

Recommendation (continued) – determination should be made if an amended SF 269, *Financial Status Report* should be prepared and submitted.

Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical – None.

Compliance

06-2 **Information on the federal program:**

Federal Grantor – U. S. Department of Health and Human Services

Program Title – Head Start Center Based

Federal CFDA Number – 93.600

Federal Award/Pass-Through Identifying Number – 06CH7041/03

Criteria – Enrollment level must adhere to the levels specified in the financial assistance award. Terrebonne Parish's funded enrollment level is currently at 200.

Condition – Currently, the Head Start Program is at 98.83 percent compliance in meeting funded enrollment of 200 children.

Questioned Costs – None

Context – This compliance issue is known by the Administration for Children and Families.

Effect – Funding levels could be jeopardized.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Consolidated Government
(the Primary Government)

For the year ended December 31, 2006

Section III Federal Award Findings and Questioned Costs (Continued)

06-2 (Continued)

Cause – Several factors currently are hindering 100 percent compliance of the enrollment of 200 children. The main factor is the Houma 5 classroom, which is funded for 20 children, is licensed by the state for only 18, which limits enrollment to 198.

Recommendation – Appropriate action steps should be taken to reach funded enrollment levels.

Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical – None.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Terrebonne Parish Consolidated Government (the Primary Government)

For the year ended December 31, 2006

Section I Internal Control and Compliance Material to the Primary Government's Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2005. No reportable conditions were reported during the audit for the year ended December 31, 2005.

Compliance

No compliance findings material to the Primary Government's financial statements were noted during the audit for the year ended December 31, 2005.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit for the year ended December 31, 2005.

Section III Management Letter

05-1 **Recommendation** - We recommend that the Parish comply with the State budget laws by amending its budget to ensure actual expenditures and other uses are not more than budgeted expenditures and other uses by five percent or more.

Management's Response – See management letter state budget law comment 06-3. Unresolved.

05-2 **Recommendation** – We recommend that the Primary Government comply with the state bid laws by placing the proper advertisements in the local journal for all public works contracts and equipment purchases. We also recommend that the Primary Government obtain council approval for all supply and materials contracts with cumulative expenditure of \$15,000 or more.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

(Continued)

**Terrebonne Parish Consolidated Government
(the Primary Government)**

For the year ended December 31, 2006

Section III Management Letter (Continued)

05-2 (continued)

Management's Response – During the year ended December 31, 2006, the Parish has complied with all known transactions where the state bid law was applicable. Resolved.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Consolidated Government (the Primary Government)

For the year ended December 31, 2006

Section I Internal Control and Compliance Material to the Primary Government's Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2006.
No significant deficiencies were reported during the audit for the year ended December 31, 2006.

Compliance

No compliance findings material to the Primary Government's financial statements were noted during the audit for the year ended December 31, 2006.

Section II Internal Control and Compliance Material to Federal Awards

Internal Control

06-1 **Recommendation** - A system should be developed and implemented by the Head Start Administration to require the preparation of recaps of the original source documents of in-kind contributions which would then be compared to the monthly reports produced by the PROMIS system and then to the yearly PROMIS report. Once the recap and the PROMIS report are reconciled, then the monthly report should be forwarded to the Finance Department for use in the SF 269 reporting. In addition, prior to preparation of the year-end SF 269, *Financial Status Report*, the Finance Department should determine that their monthly accumulation of the monthly in-kind reports agrees to the year-end recap of the in-kind contributions determined by the Head Staff. Finally, a determination should be made if an amended SF 269, *Financial Status Report* should be prepared and submitted.

Management's Corrective Action – A system will be implemented to ensure that agreement exists in the amounts reported from the web-based software system (PROMIS), the monthly recaps submitted to the Finance Department, and the original source Time and Travel Sheets.

MANAGEMENT'S CORRECTIVE ACTION PLAN

(Continued)

Terrebonne Parish Consolidated Government (the Primary Government)

For the year ended December 31, 2006

Section II Internal Control and Compliance Material to Federal Awards (Continued)

Compliance

06-2 **Recommendation** – Appropriate action steps should be taken to reach funded enrollment levels in the Head Start Center Based Program.

Management's Corrective Action - Appropriate steps are being taken to reach funded enrollment levels. Two Head Start classrooms (Houma 4 and Houma 5) have been relocated to a facility that allows us to serve full enrollment for the two classrooms.

Section III Management Letter

06-3 **Recommendation** - We recommend that the Parish comply with the State budget laws by amending its budget to ensure actual revenues and other financial sources are not less than budgeted revenues and other sources by five percent or more and actual expenditures and other uses are not more than budgeted expenditures and other uses by five percent or more.

Management's Corrective Action – Procedures in place to monitor and adjust the budget for compliance with State Law is as follows:

- A Financial Report is prepared monthly and reviewed by the Chief Financial Officer, Comptroller, Department Directors and Division Managers. Adjustments to the budget may be initiated at this time.
- Several times a day, the Comptroller and Budget Accountant reviews electronically submitted requisitions which exceed \$3,000 and which exceed the budgeted funds for the line item account. Adjustments to the budget may be initiated at this time.
- During July through September each year, budget preparations for the next fiscal year requires updated projections of the current year using the 5 or 6 months of actual activity available. Adjustments to the budget may be initiated at this time.
- In November each year, the latest available Financial Report is reviewed by the CFO, Comptroller and Budget Accountant for the final adjustments that require a budget amendment (which needs to be introduced to the Parish Council no later than the first meeting in December for adoption at the last meeting in December). In addition, various line-item adjustments continue through December 31st, as they only require the Parish President's approval.

MANAGEMENT'S CORRECTIVE ACTION PLAN

(Continued)

Terrebonne Parish Consolidated Government (the Primary Government)

For the year ended December 31, 2006

Section III Management Letter (Continued)

06-3 (Continued)

Management's Corrective Action (continued)

- In addition to the four procedures above, through-out the year adjustments to the budget are prepared as the result of new grants, projects, procedures, laws, economic shifts, etc.

Even with these procedures, it is inevitable that some variances may still occur. We have reviewed the five funds, which were not in compliance and offer the following:

- Non-District Recreation Fund: 2006 revenue was miscoded to 2005, overstating 2005 and understating 2006. That is, revenue was received and recorded in the wrong year.
- Mental Health Fund: General Fund transfer was inadvertently not recorded in 2006, which understated 2006 revenue. The transfer was carried over to 2007 due to Council's commitment.
- Criminal Court Fund: A financial supplement from the District Attorney is only received if the Fines and Forfeitures and General Fund Transfer-in is insufficient to cover the current year operations. A year-end reduction to the District Attorney's Budgeted Supplement will be made if it can be estimated timely.
- Coastal Zone Management: This was a new fund, with no history to rely on for forecasting.
- Road Lighting District: We agree with condition, and will continue to rely on the procedures in place to insure 100% compliance.

06-4 **Recommendation** – A checklist should be developed to ensure all Head Start Program participant information is calculated, verified and documented properly in the file.

Management's Corrective Action - The files reviewed for eligibility were those originating during the transitional period during which Lafourche Parish was the grantee for the Head Start program and Terrebonne Parish was the Delegate Agency. At that time, differences existed in the methods implemented to document all eligibility criteria. As of the 2006-2007 school year, however, the Terrebonne Parish Head Start program has checklist system in place to ensure completeness, accuracy and orderliness of client files.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

Terrebonne Parish Consolidated Government
(the Primary Government)

For the year ended December 31, 2006

Section III Management Letter (Continued)

- 06-5 **Recommendation** - More care should be taken to ensure that all Head Start Center Board Program reports are submitted timely.

Management's Corrective Action – An internal control tool is in place whereby revenue drawdowns are tracked by program to summarize the identifying fund account number, responsible staff, frequency of draws, drawdown amounts, and dates drawn/received. The function of this schedule has been expanded to include, for each program, the specific required reports and corresponding deadlines for submittal of those reports, minimizing the possibility that the deadlines will be overlooked.

- 06-6 **Recommendation** - We recommend the Parish develop a Subdivision Acceptance Checklist where each system that is being contributed for acceptance of maintenance and operation systems be valued by the donor and this value be documented on the Checklist. This Checklist should sum together to an aggregated value of the donation. If the donated aggregated value equals or exceeds \$250,000 (the Parish's capitalization policy set for donated infrastructure assets) the components should be captured on Capital Asset records. If the donated aggregated value is less than \$250,000 then there is no need to record the donated asset.

Management's Corrective Action – A policy has recently been implemented which requires documentation of costs of the components of any subdivision being submitted to the Parish for acceptance into its maintenance and operations systems. Under this policy, the property developer/owner is required to value the subdivision donation. Since implementation of this policy in late 2006, two subdivision donations have been received, both in January 2007. A Subdivision Acceptance Checklist is being designed to document the aggregated value of the donation, as well as to provide a guide to assure that all components of a project are captured.



TERREBONNE PARISH CONSOLIDATED GOVERNMENT
HOUMA, LOUISIANA

