

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Long-Term Debt (Continued)

The Long-Term Debt Account Group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

h) Investments

Investments are stated at cost, which approximates market.

i) Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as an expenditure of the period in which paid.

Employees of the District can earn twelve or seventeen days per year vacation leave, depending on their length of employment.

All employees are required to take vacation within one year of being earned, with no carryforward provisions. If the employees fail to take the vacation leave, the employee forfeits this time for this particular year, whereas this time is held for retirement purposes. In the event, however, the employees are terminated or resigns, all vacation leave not lost through forfeiture will be paid to them.

Employees of the District earn 7 days sick leave per year and are permitted to accumulate a maximum of 60 days. Upon retirement from the Parochial Employees' Retirement System, sick leave is paid up to one half of their accumulated sick leave to a maximum of 30 days. The days greater than the 30 are used in the computation of monthly retirement benefits.

j) Encumbrances

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

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

Account Groups

The General Fixed Assets Account Group is used to account for fixed assets not accounted for in proprietary or trust funds. The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The General Fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is the accumulated unpaid vacation, sick pay and other employee amounts which are not accrued.

d) Operating Budgetary Data

The District's Board adopted a budget for the General Fund. The public hearings and advertisements, which are required by State Law, were conducted. Any amendment involving the transfer of monies from one function to another or increases in expenditures at the functional level must be approved by the District's Board. The budget was amended twice during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with generally accepted accounting principles.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
Terrebonne Parish Communications District,
Houma, Louisiana.

We have audited the general purpose financial statements of the Terrebonne Parish Communications District (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 14, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the District for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

Note 7 - LEASES

On July 22, 1996, the District entered into a lease agreement for a vehicle for 36 months with monthly payments of \$287 under an operating lease. The rental expense for 1996 is \$1,722. The future minimum lease payments are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|----------------|
| 1997 | \$3,444 |
| 1998 | 3,444 |
| 1999 | <u>1,722</u> |
| Total | <u>\$8,610</u> |

Note 8 - RISK MANAGEMENT

The Department participates in Terrebonne Parish's (oversight entity) risk management internal service funds for general liability, workers compensation, auto insurance and group insurance. The Department's premiums for general liability is based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers compensation is based on a fixed percentage of payroll. Terrebonne Parish handles all claims filed against the Department. The Department does not have any additional exposure unless the claims exceed the Parish's insurance contracts.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Memorandum Only - Total Columns

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - CASH AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

During the year the District's investments consisted solely of certificates of deposit. The District's cash and investments in excess of the FDIC insurance are collateralized by securities held by an unaffiliated bank in the name of the financial institution pledged to the District.

Note 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

| | Balance January <u>1, 1996</u> | <u>Additions</u> | Balance December <u>31, 1996</u> |
|-----------|--------------------------------------|------------------|----------------------------------------|
| Equipment | <u>\$599,443</u> | <u>\$80,744</u> | <u>\$680,187</u> |

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Bad Debts

The financial statements of the District contain no allowance for bad debts. 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 operation of the General Fund.

f) General Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of financial position.

It is not involved with the measurement of results of operations. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

g) Long-Term Debt

The accounting and reporting treatment applied to the long-term debt associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

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Financial Report

Terrebonne Parish Communications District

Houma, Louisiana

December 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 07 1997

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

Terrebonne Parish Communications District

For the year ended December 31, 1996

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------------------------------|-------------------|-------------------|-------------------------------------------------|
| Revenues | | | |
| Charges for services | \$ 324,000 | \$ 334,026 | \$ 10,026 |
| Miscellaneous: | | | |
| Interest | 11,000 | 18,470 | 7,470 |
| Other | - | 200 | 200 |
| | <u>335,000</u> | <u>352,696</u> | <u>17,696</u> |
| Total revenues | | | |
| Expenditures | | | |
| Current: | | | |
| Health and Welfare: | | | |
| Personal services | 51,000 | 60,441 | (9,441) |
| Supplies and materials | 2,200 | 8,000 | (5,800) |
| Other services and charges | 294,910 | 251,622 | 43,288 |
| Repairs and maintenance | 1,000 | 1,679 | (679) |
| Capital expenditures | 63,000 | 80,744 | (17,744) |
| | <u>412,110</u> | <u>402,486</u> | <u>9,624</u> |
| Total expenditures | | | |
| Deficiency of Revenues Over Expenditures | (77,110) | (49,790) | 27,320 |
| Fund Balance | | | |
| Beginning of year | <u>461,574</u> | <u>461,574</u> | - |
| End of year | <u>\$ 384,464</u> | <u>\$ 411,784</u> | <u>\$ 27,320</u> |

See notes to financial statements.

**COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS**

Terrebonne Parish Communications District

December 31, 1996

| | Governmental Fund Type General | Account Groups | | Total (Memorandum Only) |
|-----------------------------------------------------------|--------------------------------------|----------------------------|------------------------------|-------------------------------|
| | | General Fixed Assets | General Long-Term Debt | |
| Assets | | | | |
| Cash | \$ 226,467 | \$ - | \$ - | \$ 226,467 |
| Investments | 200,000 | - | - | 200,000 |
| Receivables | 28,314 | - | - | 28,314 |
| Fixed assets | - | 680,187 | - | 680,187 |
| Amount to be provided for retirement of long-term debt | - | - | 2,053 | 2,053 |
| Totals | <u>\$ 454,781</u> | <u>\$ 680,187</u> | <u>\$ 2,053</u> | <u>\$ 1,137,021</u> |
| Liabilities | | | | |
| Accounts payable and accrued expenditures | \$ 42,997 | | \$ - | \$ 42,997 |
| Long-term obligations | - | | 2,053 | 2,053 |
| Total liabilities | <u>42,997</u> | | <u>2,053</u> | <u>45,050</u> |
| Fund Equity and Other Credits | | | | |
| Investment in general fixed assets | \$ - | \$ 680,187 | | 680,187 |
| Fund balance - unreserved | <u>411,784</u> | <u>-</u> | | <u>411,784</u> |
| Total fund equity and other credits | <u>411,784</u> | <u>680,187</u> | | <u>1,091,971</u> |
| Totals | <u>\$ 454,781</u> | <u>\$ 680,187</u> | <u>\$ 2,053</u> | <u>\$ 1,137,021</u> |

See notes to financial statements.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations 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. However, this report is a matter of public record and its distribution is not limited.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 14, 1997.

Note 4 - LONG-TERM DEBT

The District's commitment to fund accumulated unpaid vacation from future operations has been recorded in the General Long-Term Debt Account Group at December 31, 1996.

The following is a summary of changes in the long-term debt of the District for the year ended December 31, 1996:

| | Payable January 1, 1996 | Net Increase | Payable December 31, 1996 |
|------------------------|-------------------------------|-----------------|---------------------------------|
| Accumulated vacation | \$ -0- | \$1,658 | \$1,658 |
| Accumulated sick leave | <u>-0-</u> | <u>395</u> | <u>395</u> |
| Totals | <u>\$-0-</u> | <u>\$2,053</u> | <u>\$2,053</u> |

Note 5 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 1996.

Note 6 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to Plan B of the Parochial Employees' Retirement System Pension Plan (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana. PERS provides retirement, disability benefits and death benefits to plan members and beneficiaries. PERS is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2015, specifically, and other general laws of the State of Louisiana. The PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, Louisiana, USA 70898-4619.

Funding Policy - Plan members are required to contribute 2% of their annual covered salary less \$100 per month and the District is required to contribute at an actuarially determined rate. The current rate is 1% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by State Statute. The District's contributions to PERS for the year ending December 31, 1996, was \$608, equal to the required contributions for 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN
AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
Terrebonne Parish Communications District,
Houma, Louisiana.

We have audited the general purpose financial statements of the Terrebonne Parish Communications District (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 14, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of non compliance that are required to be reported herein under Government Auditing Standards.

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. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 14, 1997.

COMMUNICATIONS LETTER



Bourgeois Bennett

COMMUNICATION WITH BOARD OF DIRECTORS

To the Board of Directors,
Terrebonne Parish Communications District,
Houma, Louisiana.

In fulfilling our responsibility as Terrebonne Parish Communications District auditors for the year ended December 31, 1996, we are required to communicate to the Board of Directors certain matters related to the conduct of our audit.

1) AUDITOR'S RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

Our audit was conducted in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States which require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatements.

As required, separate letters have been issued on the internal control structure and compliance with laws and regulations.

2) SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted nor required to be adopted for the year ended December 31, 1996.

3) SIGNIFICANT AUDIT ADJUSTMENTS

We did not initiate any significant audit adjustments during our recent audit. Year end adjustments and closing entries were prepared.

This information is intended solely for the use of the Board of Directors and management of Terrebonne Parish Communications District and should not be used for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 14, 1997.

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NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Communications District**

December 31, 1996

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Terrebonne Parish Communications District (the District) conform to generally accepted accounting principles as applicable to governments. The following is a summary of significant accounting policies:

a) Reporting Entity

The District operated as a separate department of the Terrebonne Parish Consolidated Government (the Parish) until it started receiving its own funds in January 1989.

The District is a component unit of the Parish and as such, these financial statements will be included in the comprehensive annual financial report of the Parish for the year ended December 31, 1996.

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

b) Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

Governmental Funds

Governmental Funds are those through which the governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the District:



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Terrebonne Parish Communications District,
Houma, Louisiana.

We have audited the accompanying general purpose financial statements of the Terrebonne Parish Communications District (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Parish Communications District as of December 31, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 14, 1997 on our consideration of the Terrebonne Parish Communications District's internal control structure and a report dated February 14, 1997 on its compliance with laws and regulations.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 14, 1997.

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December 31, 1996

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