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LOUISIANA ADMINISTRATION BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 1987

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Release Date JUL 08 1988

RELAY ADMINISTRATION BOARD

DECEMBER 31, 1997

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INDEPENDENT AUDITORS' REPORT

* A MEMBER ORGANIZATION

To the Board of Directors
Belay Administration Board
Baton Rouge, Louisiana

We have audited the Statement of Financial Position of Belay Administration Board (a nonprofit organization) as of December 31, 1997, and the related statements of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:813 and the Louisiana Governmental Audit Guide. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Belay Administration Board as of December 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON
Certified Public Accountants

June 23, 1998

WRIGHT

REGENT ADMINISTRATION BOARD

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1997**

ASSETS

CURRENT ASSETS

Cash and Interest Bearing Deposits	\$ 214,403	
Investments	13,227,349	
Accounts Receivable	880,349	
Accrued Interest Receivable	176,438	
Prepaid Expenses	<u> 822</u>	
Total Current Assets		\$14,709,459

PROPERTY AND EQUIPMENT

Furniture and Fixtures	3,195	
Equipment	<u>8,823</u>	
Total Property and Equipment	12,018	
Less: Accumulated Depreciation	<u>(4,581)</u>	
Net Property and Equipment		7,437

OTHER ASSETS

Deposits		<u> 288</u>
TOTAL ASSETS		<u>\$14,727,182</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 311,315	
Payroll Taxes Payable	<u> 388</u>	
Total Current Liabilities		\$ 311,703

NET ASSETS - Unrestricted

		<u>14,415,479</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$14,727,182</u>

The Accompanying Notes are an Integral Part of This Statement.

RELAY ADMINISTRATION BOARD

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 1997**

REVENUES

Telephone Access Fees	53,919,139
Contract Reimbursements	580,000
Dividend Income	1,741
Interest Income	344,000
Miscellaneous Income	<u>733</u>

TOTAL REVENUES

\$ 5,106,513

EXPENSES

Salary Expenses	48,000
Payroll Tax Expenses	3,443
Advertising and Promotions	433
Bad Debt Expenses	700,000
Bank Charges	337
Depreciation Expenses	1,481
Insurance	8,169
Interpretation Services	3,438
Legal and Professional	8,851
Miscellaneous	133
NASBA Fees	300
Office Expenses	1,081
Pensions	300
Pension Expenses	3,413
Relay Services	1,572,911
Realized Loss on Investment Transactions	9,830
Rent	4,378
Telephone	2,333
Travel and Conventions	8,643
Unrealized Loss on Investment Transactions	<u>87,381</u>

TOTAL EXPENSES

2,453,872

INCREASE IN NET ASSETS

2,727,443

NET ASSETS AT BEGINNING OF YEAR

13,737,601

NET ASSETS AT END OF YEAR

16,465,044

The Accompanying Notes are an Integral Part of This Statement.

RELAY ADMINISTRATION BOARD

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1997

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 2,727,443
Adjustment to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:	
Depreciation	3,483
Realized Investment Losses	9,878
Unrealized Investment Losses	87,791
Changes in Current Assets and Liabilities:	
Accounts Receivable	182,438
Accrued Interest Receivable	(57,733)
Prepaid Expenses	(888)
Accounts Payable and Other Payables	<u>180,714</u>
Net Cash Provided by Operating Activities	<u>3,122,153</u>
CASH USED IN INVESTING ACTIVITIES	
Purchase of Certificates of Deposit	(2,982,814)
Sales and Redemptions of Certificates of Deposit	2,956,888
Purchase of Government Securities	(3,983,959)
Sales and Redemptions of Government Securities	850,880
Principal Collections on Collateralized mortgage Obligations	2,365
Purchase of Property and Equipment	<u>(288)</u>
Net Cash Used in Investing Activities	<u>(3,650,728)</u>
NET INCREASE IN CASH	72,348
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>442,115</u>
CASH AND EQUIVALENTS, END OF YEAR	\$ <u>514,463</u>

The Accompanying Notes are an Integral Part of This Statement.

RELAY ADMINISTRATION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

1(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Form of Operations - Relay Administration Board (RAB) is a non-profit organization created by the Louisiana Public Service Commission as provided by Order Number W-17856-A pursuant to the telecommunications sections of the Americans with Disabilities Act of 1990 and other applicable regulations adopted by the Federal Communications Commission. The Board is comprised of five members who serve indefinite terms at the discretion of the Louisiana Public Service Commission. The RAB is charged with the responsibility of oversight of telephone relay services for the State of Louisiana, insuring equal access to telecommunications services for all hearing and speech impaired citizens, and acting as a liaison between the relay service provider and the Louisiana Public Service Commission.

Financial Statement Presentation - In 1994, the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Non-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a Statement of Cash Flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets as required. As of December 31, 1997, the Organization has only unrestricted net assets.

Cash and Cash Equivalents - For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes - RAB is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. Income determined to be unrelated business income is taxable. Also, in accordance with Section 513 and Section 115 of the Internal Revenue Code, related purpose receipts are excludable from gross income for federal income tax purposes, therefore exempting RAB from the requirement of filing annual returns.

RELY ADMINISTRATION BOARD

NOTES TO FINANCIAL STATEMENTS - continued
DECEMBER 31, 1997

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Property and Equipment - Property and equipment are valued at historical cost. Depreciation is computed using the straight-line method over the assets' useful lives.

(B) INVESTMENTS

Investments are carried at their aggregate lower of cost or market value. Investments at December 31, 1997, are summarized as follows:

	<u>Cost</u>	<u>Value</u>	<u>Appreciation (Depreciation)</u>
Certificates of Deposit	\$ 7,013,318	\$ 8,980,269	\$ (83,894)
Government Securities	6,339,757	6,150,384	(83,773)
Collateralized Mortgage Obligations	<u>116,848</u>	<u>110,894</u>	<u>(6,854)</u>
TOTAL	\$13,469,923	\$15,241,547	\$ (142,591)

(C) ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 1997, consisted of the following:

Telephone Access Fees	\$348,348
Contract Reimbursements	808,000
Total Receivables	\$1,156,348

RELAY ADMINISTRATION BOARD

NOTES TO FINANCIAL STATEMENTS - continued
DECEMBER 31, 1997

(D) FUNDING SOURCES

The operations of RAB are funded as follows:

Telephone Access Fees - In conjunction with Act 668 of the 1988 Regular Legislative Session of the State of Louisiana and Order No. U-17898-B of the Louisiana Public Service Commission, RAB is authorized to collect eleven cents (11¢) per access line for each local exchange carrier to the extent such collection is required to fund the telephone relay services of the State of Louisiana.

Contract Reimbursements - RAB has a professional services contract with the State of Louisiana Department of Social Services (DSS) to provide telephone relay services throughout the State of Louisiana to facilitate telecommunications between individuals with a hearing or speech disability and other members of the community. Under this contract, RAB may be reimbursed by DSS for its cost of providing such services up to \$500,000 for the contract term of July 1, 1993, through June 30, 1998. Unreimbursed costs of \$500,000 through December 31, 1997, have been accrued as revenues.

(E) BAD DEBT

The 1993-1998 contract for cost reimbursement was not honored by DSS. As a result, \$700,000 accrued as DSS reimbursement revenue in 1998, has been written off as bad debt in 1997.

The amount accrued as revenue for the 1993-1998 contract was paid in 1998.

(F) EMPLOYEE BENEFIT PLANS

In 1996, RAB hired one full time employee and adopted a 403(b) (7) retirement plan. The employee can make salary deferred contributions into the plan and RAB can make matching or discretionary contributions. For 1997, RAB made matching contributions into the plan in the amount of \$3,413.

(G) CASH FLOW DISCLOSURES

There were no payments for interest expense or income taxes during 1997.

(H) LEASES

Relay Administration Board currently rents office space under an operating lease expiring in October, 1998, for \$328.33 per month.

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* A MEMBER COMPANY

ADDITIONAL INFORMATION

The reports on Internal Control Structure and Compliance presented on the following pages are required by Government Auditing Standards promulgated by the United States Comptroller General and the Louisiana Governmental Audit Guide.

*Keith Moore, CPA
Allyson J. Hutchinson*

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June 23, 2004

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

To the Board of Directors
Raley Administration Board
Baton Rouge, Louisiana

We have audited the financial statements of Raley Administration Board, as of and for the year ended December 31, 1997, and have issued our report thereon dated June 23, 1998. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether Raley Administration Board's 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 Raley Administration Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 material weaknesses. A material weakness is a condition in which the

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

This report is intended for the information of the Board of Directors of the Relay Administration Board, the State of Louisiana Department of Social Services and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, Dehart,
Duffie & Hutchinson*

WRIGHT, MOORE, DEHART,
DUFFIE & HUTCHINSON
Certified Public Accountants

June 23, 1998