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Houma-Terrebonne Regional Planning Commission

General Purpose Financial Statements
and Independent Auditor's Report
December 31, 1997

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

Release Date AUG 12 1998

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

**Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government**

**General Purpose Financial Statements
and Independent Auditor's Report
As of and for the Year Ended December 31, 1997**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited the accompanying general purpose financial statements of the Houma-Terrebonne Regional Planning Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Houma-Terrebonne Regional Planning Commission as of December 31, 1997, 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 our report dated May 15, 1998, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Martin and Follegain

May 15, 1998

Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government

Combined Balance Sheet
(All Fund Types and Account Group)

December 31, 1997

	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
ASSETS			
Cash	\$ 143,637		\$ 143,637
Property and equipment	<u> </u>	\$ 5,160	<u>5,160</u>
TOTAL ASSETS	<u>\$ 143,637</u>	<u>\$ 5,160</u>	<u>\$ 148,797</u>
LIABILITIES AND FUND EQUITY			
Liabilities -			
Accounts payable and accrued expenses	\$ <u>99,399</u>		\$ <u>99,399</u>
Fund equity -			
Investment in general fixed assets		\$ 5,160	5,160
Fund balance - Unreserved	<u>44,241</u>	<u> </u>	<u>44,241</u>
Total fund equity	<u>44,241</u>	<u>5,160</u>	<u>59,401</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 143,637</u>	<u>\$ 5,160</u>	<u>\$ 148,797</u>

The accompanying notes are an integral part of this statement.

**Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government**

**Statement of Revenues, Expenditures,
and Changes in Fund Balance-
Budget and Actual-Governmental Fund Type-
General Fund**

For the Year Ended December 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Charges for services	\$ 25,000	\$30,539	\$ 12,539
Miscellaneous:			
Interest earned	1,353	2,303	650
Other	<u>1,350</u>	<u>1,003</u>	<u>(347)</u>
Total revenues	<u>27,703</u>	<u>41,845</u>	<u>13,142</u>
EXPENDITURES			
General Government:			
Materials and supplies	5,400	5,944	(544)
Other services and charges	<u>19,558</u>	<u>19,275</u>	<u>283</u>
Total expenditures	<u>24,958</u>	<u>25,219</u>	<u>(261)</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,745	16,626	12,881
FUND BALANCE - Beginning	<u>27,615</u>	<u>27,615</u>	<u>0</u>
FUND BALANCE - Ending	<u>\$31,360</u>	<u>\$44,241</u>	<u>\$ 12,881</u>

The accompanying notes are an integral part of this statement.

Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 1997

NOTE 1 - Summary of Significant Accounting Policies

A. REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Financial accountability by the consolidated government is determined on the basis of the following criteria:

1. Appointment of voting majority of governing board
2. Imposes its will
3. Financial benefit or burden
4. Fiscally dependent
5. Designate management

Because the consolidated government appoints the governing board and can impose its will, the Houma-Terrebonne Regional Planning Commission was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the parish and the governmental body with financial accountability. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the consolidated government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

B. FUND ACCOUNTING

The government uses funds 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.

Governmental Funds

Governmental Funds are those through which the governmental functions of the Houma-Terrebonne Regional Planning Commission are financed. The acquisition, use and balance of the Commission'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 Commission:

Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 1997

General Fund - The General Fund is the general operating fund of the Commission. It is used to account for all financial resources.

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.

D. OPERATING BUDGETARY DATA

The Commission's Board adopted a budget for the General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. 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 Commission's Board. 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.

E. GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset 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.

Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 1997

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

F. ACCUMULATED VACATION AND SICK LEAVE

The Commission has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 1997.

G. ENCUMBRANCES

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

H. 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 preparation 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.

Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 1997

At December 31, 1997 the Commission has deposits in excess of FDIC insurance limits of \$42,968. No securities have been pledged by the Commission's fiscal agent at December 31, 1997 to collateralize these deposits, and, as such the Commission's deposits are under-collateralized.

NOTE 3 - Changes in General Fixed Assets

A summary of changes in general fixed assets (consisting primarily of equipment) follows:

Balance, January 1, 1997	\$ 6,190
Additions	0
Deletions	<u>0</u>
Balance, December 31, 1997	<u>\$ 6,190</u>

NOTE 4 - In-Kind Services

The Terrebonne Parish Consolidated Government provided clerical, accounting, legal, administrative and engineering services at no charge to the Commission during the year ended December 31, 1997.

NOTE 5 - Compensation of Board Members

The following amounts were paid to Commission members for the year ended December 31, 1997:

<u>Commissioner</u>	
Keith Authement	\$1,100
Johnson A. Biquet	700
Yataseo L. Elender	800
Willy LeBlanc	1,150
Linwood Limer	1,050
W. Alex Gathelmer	1,150
Charles Pate	1,150
Emile Richard	1,150
Royal White	<u>1,050</u>
Total	<u>\$9,350</u>

Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 1997

FINDINGS

**Questioned
Costs**

97-1

Statement of Condition: An instance of noncompliance with state law related to the collateralization of bank deposits.

Criteria: State law requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. At December 31, 1997 the Commission had bank deposits in excess of FDIC insurance limits of \$42,900 and no eligible securities were pledged to insure these amounts.

Effect: The Commission is not in compliance with the state law related to the collateralization of bank deposits. A bank failure could result in the loss of the Commission's uncollateralized deposits.

Cause of Condition: Because of the limited revenues of the Commission, bank deposits had never exceeded FDIC insurance coverage until 1997 when significant performance bonds were received by and deposited by the Commission. Therefore pledged securities had never been required from its fiscal agent.

Recommendation: The management of the Commission should contact its fiscal agent and have securities pledged in amounts sufficient to fully collateralize deposits. Also, regular monitoring of the adequacy of coverage should be instituted.

Response: The management of the Houma-Terrebonne Regional Planning Commission concurs with this finding.

Questioned Costs:

\$ 0

Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 1997

FINDINGS

**Questioned
Costs**

97-2

Statement of Condition: A reportable condition in the internal control structure.

Criteria: In our consideration of the internal control structure, we noted that the size of the Commission's operations and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Effects of Condition: The internal control structure, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: Due to the limited activity of the Commission it is not cost beneficial to have more than one person performing accounting functions.

Recommendation: The Board of Commissioners of the Houma-Terrebonne Regional Planning Commission should closely monitor the day-to-day activities of the Commission.

Response: The management of Houma-Terrebonne Regional Planning Commission agrees with the finding.

Questioned Costs:

\$ _____ -0-

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited the general purpose financial statements of the Houma-Terrebonne Regional Planning Commission (the Commission), as of and for the year ended December 31, 1997, and have issued our report thereon dated May 15, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 07-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable

Board of Commissioners
Houma-Terrebonne Regional Planning Commission
Terrebonne Parish Consolidated Government
Houma, Louisiana

condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as items 97-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

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



May 15, 1998

**Martin
and
Polkgrin**

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**INDEPENDENT AUDITOR'S COMMENTS ON RESOLUTION
MATTERS RELATING TO PRIOR AUDIT COMMENTS AND FINDINGS**

The independent auditor's report on internal control for the year ended December 31, 1995 included a reportable condition related to the lack of segregation of duties in the accounting functions due to only one person being involved in the accounting process. In that report the management of the Commission indicated that it would address this condition by closely monitoring the day-to-day affairs of the Commission.

Based on the procedures performed in our audit of the Commission's financial statements for the year ended December 31, 1997 we conclude that the Commission has been actively involved in the day-to-day operations of the Commission as asserted.

The prior audit report included no other items requiring comment. A management letter was not issued.



May 15, 1998

Houma-Terrebonne Regional Planning Commission

*P.O. Box 1446
Houma, Louisiana 70360
(504) 833-8700*

*Paul D. Asheland
Chairman*

*W. Alex Colburn
Vice Chairman*

*Charles Pitts
Secretary - Treasurer*

*Walter LeBlanc
Earle Richard
Lemuel Laro
Johnson Biquet
Royal White
Valerie Ellender*

*Patrick Jordan, Director
Planning & Economic Development*

CORRECTIVE ACTION PLAN

May 15, 1999

Office of Legislative Auditor
State of Louisiana
P. O. Box 94387
Baton Rouge, LA 70804-0387

The Houma-Terrebonne Regional Planning Commission respectfully submits the following corrective action plan for the year ended December 31, 1997.

Name and address of independent public accounting firm:

Martin and Pellegrin, CPA's (PC)
100 Ramey Road
Houma, Louisiana 70360

Audit Period: Year Ending December 31, 1997

A. Comments on Findings and Recommendations

Collateralization of Bank Deposits - As related to the finding concerning collateralization of bank deposits (bank deposits under-collateralized by \$42,993 at December 31, 1997), we concur with this finding. This is the result of the Commission's bank balances exceeding FDIC insurance coverage for the first time in 1997 and pledged securities not being requested from our fiscal agent.

Lack of Segregation of Duties in Accounting Functions - As related to the finding concerning lack of segregation of duties in accounting functions (one person performs all accounting functions), we concur with this finding. This is due to the fact that our limited resources and activities do not warrant additional staffing.

B. Actions Taken

Collateralization of Bank Deposits - As recommended by the independent auditors, we have contacted our fiscal agent and have had sufficient securities pledged to collateralize our bank deposits.

Lack of Segregation of Duties - As recommended by the independent auditors, we will continue our significant involvement in the day-to-day activities of the Commission. Accounting activities performed will be reviewed.

C. Status of Prior Findings

The independent auditor's report on internal control for the year ended December 31, 1996 also contained a reportable condition related to lack of segregation of duties in the accounting functions. As recommended, the management of the Commission monitored the day-to-day activities of the Commission.

If you have any questions, please do not hesitate to contact me.

Thank you for your help in this matter.

Sincerely,



Mr. Keith P. Authament
Chairman