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Financial Report

Terrebonne Parish Communications District

Houma, Louisiana

December 31, 1998

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Release Date Jan 6 1999

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Terrebonne Parish Communications District

December 31, 1998

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Terrebonne Parish Communications District,
Thibodaux, 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, 1998, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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, 1998, 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 March 3, 1999 on our consideration of Terrebonne Parish Communications District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The year 2000 supplementary information on page 14 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Terrebonne Parish Communications District is or will become year 2000 compliant, that Terrebonne Parish Communications District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Terrebonne Parish Communications District does business are or will become year 2000 compliant.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Kenner, La.,
March 5, 1999.

**COMBINED BALANCE SHEET
GOVERNMENTAL FUND TYPES AND ALLIANT GROUPS**

Trevettown Parish Communications District

December 31, 2008

	Governmental Fund Type General	Annual Charges		Total (Incorporation Only)
		General Fund Assets	General Long-Term Liabilities	
ASSET AND OTHER DEBITS				
Assets				
Cash	\$ 177,513	\$ -	\$ -	\$ 177,513
Investments	588,000	-	-	588,000
Receivables	88,175	-	-	88,175
Prepaid expenditures	3,437	-	-	3,437
Deposits	2,500	-	-	2,500
Fiscal assets	-	358,475	-	358,475
Other Debits				
Amount to be provided for retirement of long-term obligations	-	-	4,500	4,500
Total assets and other debits	\$ 851,625	\$ 358,475	\$ 4,500	\$ 1,214,600
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable and accrued expenditures	\$ 14,172		\$ -	\$ 14,172
Due to other governmental units:				
Trevettown Parishes Consolidated Government	38,294		-	38,294
Trevettown Parishes Board	6,879		-	6,879
Long-term obligations	-		8,350	8,350
Total liabilities	59,345		8,350	67,695
Contingency - Note 10				
Equity and Other Credits				
Investment in general fund assets	-	\$ 358,475		358,475
Fund balances:				
Reserved - subsequent year expenditures	3,437	-		3,437
Unreserved - undesignated	191,748			191,748
Total equity and other credits	195,185	358,475		1,111,838
Total liabilities, equity and other credits	\$ 611,621	\$ 358,475	\$ 4,500	\$ 1,014,600

See notes to financial statements.

**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, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 596,995	\$ 649,085	\$ 52,090
Miscellaneous:			
Interest	12,000	17,112	5,112
Other	600	828	228
	<u>609,595</u>	<u>667,025</u>	<u>57,430</u>
Total revenues			
	<u>609,595</u>	<u>667,025</u>	<u>57,430</u>
Expenditures			
Current:			
Health and Welfare:			
Personal services	180,620	182,677	(2,057)
Supplies and materials	17,000	15,518	1,482
Other services and charges	279,595	279,672	77
Repairs and maintenance	1,575	3,553	(1,978)
Capital expenditures	2,000	4,823	2,823
	<u>482,790</u>	<u>486,243</u>	<u>(3,453)</u>
Total expenditures			
	<u>482,790</u>	<u>486,243</u>	<u>(3,453)</u>
Excess of Revenues Over Expenditures	<u>\$ 123,405</u>	<u>178,792</u>	<u>\$ 55,387</u>
Fund Balance			
Beginning of year		<u>284,393</u>	
End of year		<u>\$ 563,185</u>	

See notes to financial statements.

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

December 31, 1998

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Communications District (the District) conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Nature of Activities

The District assesses a fixed monthly service charge to customers of local telephone and wireless communication companies providing service in Terrebonne Parish. The companies collect the charge then remit those collections to the District. The District uses this service charge to run an emergency 911 system.

b) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 1998.

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.

c) 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Fund Accounting (Continued)

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:

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

Account groups are used to establish accounting control and accountability. The District's Account Groups are as follows:

General Fixed Assets Account Group - This account group is used to account for fixed assets not accounted for in proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is used to account for general long-term obligations and certain other liabilities that are not specific liabilities of proprietary or trust funds.

d) 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.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Basis of Accounting (Continued)

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.

e) Use of Estimates

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

f) Operating Budgetary Data

As required by Louisiana Revised Statute 39:1303, the Board of Directors (the Board) adopted a budget for the District's 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 must be approved by the Board. The budget was amended several times during the year. All budgeted amounts which are not expended, are obligated through contracts, lapse at year end.

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

g) Accounts Receivable

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

h) Fixed Assets

Fixed assets used in governmental fund type operations (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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Fixed Assets (Continued)

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

All fixed assets are valued at historical cost.

i) Long-Term Obligations

The accounting and reporting treatment applied to the long-term obligations 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 used 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 Obligations Account Group, not in the governmental funds.

The Long-Term Obligations 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.

j) Investments

Investments consist of certificates of deposit which are stated at cost and approximate market value.

k) Accumulated Vacation and Sick Leave

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Accumulated Vacation and Sick Leave (Continued)

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 an employee fails to take vacation leave, the employee forfeits this time for this particular year. In the event the employee is terminated or resigns, all vacation leave not lost through forfeiture will be paid to them. Hours forfeited are transferred to retirement for participants of the Parochial Employees Retirement System.

Employees of the District earn seven days sick leave per year and are permitted to accumulate a maximum of sixty days. Upon retirement, sick leave is paid up to one half of their accumulated sick leave (a maximum of thirty days). The days greater than thirty days are used in the computation of monthly retirement benefits.

l) Encumbrances

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

m) Memorandum Only - Total Column

The total column on the general purpose financial statement is captioned "Memorandum Only" because it does not represent consolidated financial information and is presented only to facilitate financial analysis. The column does not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - DEPOSITS

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.

Note 2 - DEPOSITS (Continued)

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

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

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

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

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

The year end bank balances of deposits and the carrying amount as shown on the combined balance sheet are as follows:

	Bank Balances			Book Balance
	1	2	3	
Cash	\$188,000	\$-	\$128,372	\$327,517
Investments:				
Certificates of deposit	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Totals	<u>\$488,000</u>	<u>\$-</u>	<u>\$128,372</u>	<u>\$527,517</u>

At December 31, 1998, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the District. The Government Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory

Note 2 - DEPOSITS (Continued)

requirement on the custodial bank to advertise and sell the pledged securities within 90 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January 1, 1998	Additions	Adjustment	Balance December 31, 1998
Equipment	\$731,708	\$8,821	\$(182,029)	\$558,471

The adjustment to Equipment is based on a physical inventory of items in the General Fixed Assets Account Group.

Note 4 - LONG-TERM OBLIGATIONS

The District's commitment to fund accumulated unpaid vacation and sick leave from future operations has been recorded in the General Long-Term Obligations Account Group at December 31, 1998.

The following is a summary of changes in the long-term obligations of the District for the year ended December 31, 1998:

	Payable January 1, 1998	Net Increase (Decrease)	Payable December 31, 1998
Accumulated vacation	\$4,471	\$(1,489)	\$2,982
Accumulated sick leave	—,934	—,614	—,320
Totals	<u>\$5,405</u>	<u>\$ (2,103)</u>	<u>\$3,302</u>

Note 5 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 1998.

Note 6 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to Plan II of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PFRS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1501 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14419, Baton Rouge, Louisiana 70808.

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 2.5% of annual payroll. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending December 31, 1998, 1997 and 1996 were \$3,290, \$2,314 and \$608, respectively, equal to the required contributions for each year.

Note 7 - LEASES

The District entered into a 36 month operating lease dated July 22, 1996 for a vehicle with monthly payments of \$287. The rental expense for 1998 is \$3,444. The future minimum lease payments are as follows:

Year	Amount
1999	\$3,122

Note 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; crimes and omissions; natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability, workers' compensation, auto liability and group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on

Note 8 - RISK MANAGEMENT (Continued)

various factors such as its operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

Policy	Coverage Limits
General Liability	\$6,500,000
Workers' Compensation	Statutory
Group Insurance	\$1,125,000
Auto Liability	\$6,250,000

Coverage for claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service funds, \$887,017 for general liability, workers' compensation and auto liability and \$2,926,673 for group insurance as of December 31, 1997, then secondly by the District. At December 31, 1998, the District had no claims in excess of the above coverage limits.

Note 9 - COMMITMENT

At December 31, 1998, the District was committed to purchase a building for the amount of \$216,582. A down payment \$2,500 was made towards the purchase of this building. This amount is shown as a deposit on the District's Combined Balance Sheet. The District plans to purchase the building with cash on hand.

Note 10 - CONTINGENCY

During the year ended December 31, 1998, the District collected and recognized revenue of approximately \$125,000 for charges for services to wireless communications customers. On December 4, 1998 the Louisiana Attorney General opined (i.e. Atty. Gen. Op. No. 97-900-A) that the District is not authorized to collect such charges unless authorized by a majority of voters in a separate election dealing with assessing the charge specifically on wireless communications customers. While lawsuits have been filed against the District by wireless communications companies, no lawsuit has been filed against the District as of March 5, 1999. Furthermore, the District continues to charge the fee to wireless communications customers in 1999.

SUPPLEMENTARY INFORMATION SECTION

YEAR 2000 SUPPLEMENTARY INFORMATION

Terrebonne Parish Communications District

December 31, 1998

(Unaudited)

The year 2000 issue is the result of shortcomings in many data processing systems and other electronic equipment that may adversely affect the District's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting District operations. The District currently has completed assessing the need for system changes. Some remediation has occurred for the system and additional remediation is anticipated. Testing and validation will occur after remediation of the system is completed. The District has expended approximately \$12,000 on this project. The District has designated approximately \$50,000 for purchasing, from outside vendors, hardware and software upgrades believed to be year 2000 compliant.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part or that parties with whom the District does business will be year 2000 ready.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Margolis Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING 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, as of and for the year ended December 31, 1998 and have issued our report thereon dated March 5, 1999. 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 District'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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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. 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 design, or operation of one

or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its 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 and is not intended to be and should not be used by anyone other than these specified parties.

Bouguier Bennett, LLC.

Certified Public Accountants.

Monroe, La.,
March 5, 1999.

SCHEDULE OF FINDINGS

Terrebonne Parish Communications District

For the year ended December 31, 1998

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes ___X___ no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes ___X___ none reported

Noncompliance material to financial statements noted? _____ yes ___X___ no

b) Federal Awards

Terrebonne Parish Communications District did not receive federal awards during the year ended December 31, 1998.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 1998.

Section III Federal Award Findings and Questioned Costs

Not applicable.

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Communications District

For the year ended December 31, 1998

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 1997.

No reportable conditions were reported during the audit for the year ended December 31, 1997.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1997.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Communications District did not receive federal awards during the year ended December 31, 1997.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1997.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Communications District

For the year ended December 31, 1998

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 1998.
No reportable conditions were reported during the audit for the year ended December 31, 1998.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1998.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Communications District did not receive federal awards during the year ended December 31, 1998.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1998.