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***Financial Report***

***Terrebonne Parish Communications District***

***Houma, Louisiana***

***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** 4-15-98



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Bourgeois Benoit & Co. APR -6 AM 9:43

## **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, 1997, 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 the standards applicable to financial audits contained in 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, a separate letter has been issued on compliance and internal control over financial reporting.

### **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, 1997.

### **3) MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES**

The most significant estimates reflected in the financial statements relate to collectibility of accounts receivable and valuation of accrued expenditures. Management has provided us with representations concerning these matters.

To the Board of Directors,  
Terrebonne Parish Communications District,  
Page 2

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, 1998.

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December 31, 1997

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**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, 1997, 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. 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, 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 February 14, 1998 on our consideration of the Terrebonne Parish Communication District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, La.,  
February 14, 1998.

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

**Terrebonne Parish Communications District**

December 31, 1997

	Governmental Fund Type General	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
<b>ASSET AND OTHER DEBITS</b>				
<b>Assets</b>				
Cash	\$ 99,175	\$ -	\$ -	\$ 99,175
Investments	300,000	-	-	300,000
Receivables	42,217	-	-	42,217
Fixed assets	-	733,709	-	733,709
<b>Other Debits</b>				
Amount to be provided for retirement of long-term obligations	-	-	5,405	5,405
<b>Totals assets and other debts</b>	<b>\$ 441,392</b>	<b>\$ 733,709</b>	<b>\$ 5,405</b>	<b>\$ 1,180,506</b>
 <b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenditures	\$ 56,999		\$ -	\$ 56,999
Long-term obligations	-		5,405	5,405
<b>Total liabilities</b>	<b>56,999</b>		<b>5,405</b>	<b>62,404</b>
<b>Equity and Other Credits</b>				
Investment in general fixed assets	-	\$ 733,709		733,709
Fund balance - unreserved	384,393	-		384,393
<b>Total equity and other credits</b>	<b>384,393</b>	<b>733,709</b>		<b>1,118,102</b>
<b>Totals</b>	<b>\$ 441,392</b>	<b>\$ 733,709</b>	<b>\$ 5,405</b>	<b>\$ 1,180,506</b>

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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Charges for services	\$ 336,000	\$ 422,868	\$ 86,868
Miscellaneous:			
Interest	11,000	14,651	3,651
Other	200	494	294
	<u>347,200</u>	<u>438,013</u>	<u>90,813</u>
Total revenues			
<b>Expenditures</b>			
Current:			
Health and Welfare:			
Personal services	130,000	131,817	(1,817)
Supplies and materials	14,450	19,987	(5,537)
Other services and charges	254,920	258,856	(3,936)
Repairs and maintenance	1,500	1,222	278
Capital expenditures	60,000	53,522	6,478
	<u>460,870</u>	<u>465,404</u>	<u>(4,534)</u>
Total expenditures			
<b>Deficiency of Revenues Over Expenditures</b>	(113,670)	(27,391)	86,279
<b>Fund Balance</b>			
Beginning of year	<u>411,784</u>	<u>411,784</u>	<u>-</u>
End of year	<u>\$ 298,114</u>	<u>\$ 384,393</u>	<u>\$ 86,279</u>

See notes to financial statements.

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

December 31, 1997

**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) 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 of the Parish for the year ended December 31, 1997.

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:



**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 Obligations 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.

**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) 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.

**e) 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 expendi-

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Operating Budgetary Data (Continued)**

tures at the functional level must be approved by the District's Board. The budget was amended several times 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.

**f) 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.

**g) 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.

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, curbs 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.

**h) 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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Long-Term Obligations (Continued)**

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 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.

**i) Investments**

Investments are stated at cost, which approximates market.

**j) 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.

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.

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 to a maximum of thirty days.

Upon retirement, all vacation leave and sick leave forfeited shall be considered in the computation of the employee's monthly retirement benefit from the Parochial Employees' Retirement System.



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Encumbrances**

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

**l) Memorandum Only - Total Columns**

The total column on the balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. 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.

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.

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.

**Note 2 - DEPOSITS (Continued)**

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

	Bank Balances			Book Balance
	Category			
	<u>1</u>	<u>2</u>	<u>3</u>	
Cash	\$ 99,206	\$ -	\$ -	\$ 99,175
Investments:				
Certificates of deposit	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Totals	<u>\$399,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$399,175</u>

At December 31, 1997, cash and certificates of deposit did not exceed the FDIC insurance.

**Note 3 - CHANGES IN FIXED ASSETS**

A summary of changes in fixed assets follows:

	Balance January <u>1, 1997</u>	<u>Additions</u>	Balance December <u>31, 1997</u>
Equipment	<u>\$680,187</u>	<u>\$53,522</u>	<u>\$733,709</u>

**Note 4 - LONG-TERM OBLIGATIONS**

The District's commitment to fund accumulated unpaid vacation from future operations has been recorded in the General Long-Term Obligations Account Group at December 31, 1997.



**Note 4 - LONG-TERM OBLIGATIONS (Continued)**

The following is a summary of changes in the long-term obligations of the District for the year ended December 31, 1997:

	Payable January 1, 1997	Net Increase	Payable December 31, 1997
Accumulated vacation	\$1,658	\$2,813	\$4,471
Accumulated sick leave	<u>395</u>	<u>539</u>	<u>934</u>
Totals	<u>\$2,053</u>	<u>\$3,352</u>	<u>\$5,405</u>

**Note 5 - COMPENSATION OF BOARD MEMBERS**

No compensation was paid to Board Members for the year ended December 31, 1997.

**Note 6 - DEFINED BENEFIT PENSION PLAN**

**Plan Description** - The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana the System (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits and 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, Title 11, Section 1901 through 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. 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 2.5% 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 the System for the years ending December 31, 1997 and 1996 were \$2,314 and \$608, 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 1997 is \$3,444. The future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
1998	\$3,444
1999	<u>1,722</u>
Total	<u>\$5,166</u>

**Note 8 - RISK MANAGEMENT**

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

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

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, \$2,481,697 for general liability, workers' compensation and auto and \$3,603,662 for group at December 31, 1996, then secondly by the District and other participating funds and agencies. At December 31, 1997, the District had no claims in excess of the above coverage limits.

**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois 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, 1997, and have issued our report thereon dated February 14, 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 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 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 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. 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, 1998.