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*Financial Report*  
*Lafourche Parish Communications District*  
*Raceland, Louisiana*  
*December 31, 1998*

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 MAR 7 1999

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December 31, 1998

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**Bourgeois Bennett**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Lafourche Parish Communications District,  
Raceland, Louisiana.

We have audited the accompanying general-purpose financial statements of the Lafourche Parish Communications District (the District), a component unit of the Lafourche Parish Council, State of Louisiana, 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.

Except as discussed in the following paragraph, 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 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue. Lafourche Parish Communications District has included such disclosures in Note 7 to the general-purpose financial statements. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Lafourche Parish Communications District's disclosures with respect to the year 2000 issue made in Note 7. Further, we do not provide assurance that the Lafourche Parish Communications District is or will be year 2000 ready, that Lafourche Parish Communications District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Lafourche Parish Communications District does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lafourche 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 January 18, 1999, on our consideration of the Lafourche Parish Communications 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.

Thibodaux, La.,  
January 18, 1999.

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

**Lafourche Parish Communications District**

December 31, 1998

	<u>Governmental Fund Type General</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<b>Assets</b>			
Cash	\$ 154,349	\$ -	\$ 154,349
Investments	222,869	-	222,869
Receivables	44,413	-	44,413
Fixed assets	<u>-</u>	<u>231,759</u>	<u>231,759</u>
Total assets	<u>\$ 421,631</u>	<u>\$ 231,759</u>	<u>\$ 653,390</u>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	<u>\$ 16,156</u>		<u>\$ 16,156</u>
<b>Equity and Other Credits</b>			
Investment in general fixed assets		\$ 231,759	231,759
Fund balances - unreserved:			
Designated for subsequent year's expenditures	302,783		302,783
Undesignated	<u>102,692</u>		<u>102,692</u>
Total equity and other credits	<u>405,475</u>	<u>231,759</u>	<u>637,234</u>
Total liabilities, equity and other credits	<u>\$ 421,631</u>	<u>\$ 231,759</u>	<u>\$ 653,390</u>

See notes to financial statements.

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

**Lafourche Parish Communications District**

For the year ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Charges for services	\$ 314,000	\$ 316,848	\$ 2,848
Miscellaneous:			
Interest	9,000	10,277	1,277
Other	-	32	32
	<u>323,000</u>	<u>327,157</u>	<u>4,157</u>
Total revenues			
<b>Expenditures</b>			
Current:			
Public safety:			
Personal services	132,700	137,443	(4,743)
Materials and supplies	3,850	3,664	186
Other services and charges	130,550	124,175	6,375
Repairs and maintenance	17,552	17,496	56
Capital expenditures	106,000	9,339	96,661
	<u>390,652</u>	<u>292,117</u>	<u>98,535</u>
Total expenditures			
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(67,652)</b>	<b>35,040</b>	<b>102,692</b>
<b>Fund Balance</b>			
Beginning of year	<u>370,435</u>	<u>370,435</u>	<u>-</u>
End of year	<u><u>\$ 302,783</u></u>	<u><u>\$ 405,475</u></u>	<u><u>\$ 102,692</u></u>

See notes to financial statements.



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

December 31, 1998

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Lafourche 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 companies providing service in Lafourche Parish. The telephone 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 was formed by an Act of the State Legislature on July 14, 1983. A board was approved and became effective on October 5, 1989.

The District is a component unit of the Lafourche Parish Council. 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 government 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 Group**

An account group is used to establish accounting control and accountability. The District's Account Group is 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.

**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.

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. 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 or intermediary collecting agency 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 the Louisiana Revised Statutes 39:1303, the District's Board of Commissioners (the Board) adopted a budget for the General Fund. The public hearings and advertisements, which are required by State Law, were conducted. Any amendment involving the transfer of monies from one function to another or increases in expenditures at the functional level must be approved by the Board. The District amended its budget once 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.

**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.

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

**h) Investments**

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

**i) 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 or estimated historical cost if actual historical cost is not available. Fixed assets with an estimated historical cost amounted to \$20,000 or 8% of the total General Fixed Asset Account Group.

**j) Vacation and Sick Leave**

Vacation and sick leave are determined by length of service for full-time employees as follows:

1 - 3 years	1 week vacation and 1 week sick leave
3 - 9 years	2 weeks vacation and 2 weeks sick leave
10 years or more	3 weeks vacation and 3 weeks sick leave

Vacation and sick leave must be used by their anniversary date. Vacation is paid to employees upon termination of employment; sick leave is not paid. There is no material accumulated balance of unpaid leave as of December 31, 1998.

**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) Fund Equity**

The designated fund balance represents tentative plans for future use of financial resources that are subject to change.

**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 investments.

**Bank Deposits:**

State law requires deposits (cash and certificates of 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. In accordance with state law all cash and deposits were collateralized.

**Note 2 - DEPOSITS (Continued)**

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 agent 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 balance sheet are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$100,000	\$ -	\$61,947	\$154,349
Investments:				
Certificates of deposit	<u>213,643</u>	<u>-</u>	<u>9,226</u>	<u>222,869</u>
Totals	<u>\$313,643</u>	<u>\$ -</u>	<u>\$71,173</u>	<u>\$377,218</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 depositor. The Governmental 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 requirement on the custodial bank to advertise and sell the pledged securities within 10 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 <u>1, 1998</u>	<u>Additions</u>	Balance December <u>31, 1998</u>
Building	\$ -	\$7,500	\$ 7,500
Equipment	209,999	1,147	211,146
Office furniture and equipment	<u>12,421</u>	<u>692</u>	<u>13,113</u>
Totals	<u>\$222,420</u>	<u>\$9,339</u>	<u>\$231,759</u>

The \$7,500 listed as building consists of a \$5,000 down payment on a building expected to cost \$100,000 and \$2,500 of legal fees associated with the purchase of the building. The final closing on the building is expected to occur early in 1999.

**Note 4 - COMPENSATION OF BOARD MEMBERS**

No compensation was paid to members of the Board of Commissioners for the year ended December 31, 1998.

**Note 5 - CENTRAL FIRE STATION LEASE**

The lease signed on September 13, 1993 with Lafourche Parish Fire Protection District No. 1 which allows the District use of office space in the Central Fire Station is automatically renewed indefinitely with each party having the option to terminate at any time. The lease was in effect for 1998 and the rental expense for 1998 was \$10,800.

**Note 6 - CONTINGENT LIABILITIES**

A legal action has been filed against the District for the wrongful death of a small child. The case, which was filed December 29, 1993, is in preliminary stages and it is not possible at this time to determine what liabilities, if any, the District might be responsible for. The



**Note 6 - CONTINGENT LIABILITIES (Continued)**

Lafourche Parish Sheriff's Office was operating the system at the time of the alleged incident and it is not known what if any liabilities, they would have. If it is determined that the District is liable in some respect, it may be covered by its liability insurance. Accordingly, no provision for any liability that may arise from the litigation has been made in the accompanying financial statements.

**Note 7 - YEAR 2000 ISSUE**

The year 2000 issue is the result of shortcomings in many data processing systems and other electronic equipment that may adversely affect the government'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 is currently assessing the need for system changes. Some remediation is occurring during this assessment. Additional remediation is anticipated in the system after completion of the assessment. Testing and validation will occur after remediation of the system is completed. The District has designated \$100,000 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.

**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; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

**SPECIAL REPORTS 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 Commissioners,  
Lafourche Parish Communications District,  
Raceland, Louisiana.

We have audited the general-purpose financial statements of Lafourche Parish Communications District (the District), as of and for the year ended December 31, 1998, and have issued our report thereon dated January 18, 1999, which was qualified because insufficient audit evidence exists to support Lafourche Parish Communications District's disclosures with respect to the year 2000 issue. Except as discussed in the preceding sentence, 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 Commissioners, 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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, La.,  
January 18, 1999.

**SCHEDULE OF FINDINGS**

**Lafourche 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: qualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weaknesses?  yes  none reported
  
- Noncompliance material to financial statements noted?  yes  no

b) Federal Awards

Lafourche 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.



**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS**

### **Lafourche 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 reported 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**

Lafourche 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

## **Lafourche 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 noted 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**

Lafourche 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.