
**Terrebonne Parish
Communications District**

Financial Statements

December 31, 2016

Terrebonne Parish Communications District

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Independent Auditor's Report

To the Board of Commissioners
Terrebonne Parish Communications District
Houma, Louisiana

We have audited the accompanying financial statements of the business-type activities 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis at pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information


Our audit was conducted for the purpose of forming an opinion on the financial statements of the Terrebonne Parish Communications District. The accompanying schedule of compensation, benefits, and other payments to district head, as required by the State of Louisiana, are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to district head is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Commissioners
Terrebonne Parish Communications District
Houma, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Covington, Louisiana
May 16, 2017

Management's Discussion and Analysis

Terrebonne Parish Communications District Management's Discussion and Analysis

Introduction

Management's Discussion and Analysis of the Terrebonne Parish Communications District's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2016. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the District's financial statements, which begin on page 9.

Financial Highlights

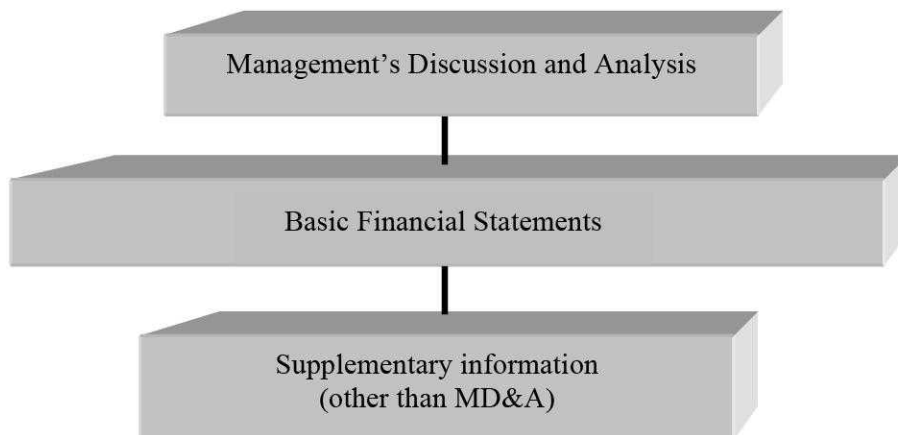
The District's assets exceeded its liabilities at December 31, 2016 by \$1,878,850, which represents a 13.68% increase from the prior fiscal year.

The Commission's service charges increased by \$249,137 (17.22%) compared to the prior fiscal year.

Operating income increased by \$273,662 compared to the prior fiscal year.

Overview of the Financial Statements

The following graphic illustrates the minimum requirements for government entities engaged in business-type activities established by Governmental Accounting Standards Board.



These financial statements consist of two sections - Management's Discussion and Analysis (this section), and the basic financial statements (including the notes to the financial statements). This report also contains supplementary information in addition to the basic financial statements.

Terrebonne Parish Communications District

Management's Discussion and Analysis

The District's activities are reported in a single proprietary fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred.

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Statement of Net Position

This statement presents the current and noncurrent assets, deferred outflows of resources, current and noncurrent portions of liabilities, and deferred inflows of resources, with the difference reported as net position. Net position may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position

This statement presents information showing how the District's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

Statement of Cash Flows

This statement presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

Terrebonne Parish Communications District

Management's Discussion and Analysis

Financial Analysis of the Entity

The condensed statements of net position consist of the following at December 31:

	2016	2015	Variance	% Variance
Assets				
Current assets	\$ 905,688	\$ 750,515	\$ 155,173	20.68%
Capital assets, net	<u>1,249,800</u>	<u>1,112,140</u>	<u>137,660</u>	12.38%
	<u><u>\$ 2,155,488</u></u>	<u><u>\$ 1,862,655</u></u>	<u><u>\$ 292,833</u></u>	15.72%
Liabilities				
Current liabilities	\$ 233,162	\$ 95,049	\$ 138,113	145.31%
Noncurrent liabilities	<u>43,476</u>	<u>114,879</u>	<u>(71,403)</u>	-62.15%
	<u>276,638</u>	<u>209,928</u>	<u>66,710</u>	31.78%
Net Position				
Net investment in capital assets	1,194,800	1,002,140	192,660	19.22%
Unrestricted	<u>684,050</u>	<u>650,587</u>	<u>33,463</u>	5.14%
	<u>1,878,850</u>	<u>1,652,727</u>	<u>226,123</u>	13.68%
	<u><u>\$ 2,155,488</u></u>	<u><u>\$ 1,862,655</u></u>	<u><u>\$ 292,833</u></u>	15.72%

Restricted net position represents those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Current assets increased by \$155,173, approximately 21% from December 31, 2015 to December 31, 2016, due primarily from an addition of \$51,930 to the Louisiana Asset Management Pool and an increase in cash, accounts receivable, and prepaid expenses. Noncurrent liabilities consist of accrued compensated absences. The decrease is caused primarily from \$55,000 payment on the certificate of indebtedness.

Terrebonne Parish Communications District Management's Discussion and Analysis

The condensed statements of revenues, expenses, and changes in net position consist of the following for the years ended December 31:

	2016	2015	Variance	% Variance
Operating Revenues				
Service charges	\$ 1,695,889	\$ 1,446,752	\$ 249,137	17.22%
Other revenues	154,170	129,645	24,525	18.92%
	<u>1,850,059</u>	<u>1,576,397</u>	<u>273,662</u>	<u>17.36%</u>
Operating Expenses				
Salaries and benefits	1,043,651	1,043,413	238	0.02%
Telephone expense	127,599	126,651	948	0.75%
Depreciation	131,895	126,317	5,578	4.42%
Other operating expenses	318,181	235,363	82,818	35.19%
	<u>1,621,326</u>	<u>1,531,744</u>	<u>89,582</u>	<u>5.85%</u>
Operating income	<u>228,733</u>	<u>44,653</u>	<u>184,080</u>	<u>412.25%</u>
Non-Operating				
Interest income	1,955	219	1,736	792.69%
Interest expense	(4,565)	(6,640)	(2,075)	-31.25%
	<u>(2,610)</u>	<u>(6,421)</u>	<u>(339)</u>	<u>59.35%</u>
Change in net position	226,123	38,232	183,741	-491.45%
Net position, beginning of year	1,652,727	1,614,495	38,232	2.37%
Net position, end of year	<u>\$ 1,878,850</u>	<u>\$ 1,652,727</u>	<u>\$ 221,973</u>	<u>13.68%</u>

The District's operating revenues increased by \$273,662, approximately 17%. The change in net position increased by \$183,741 from December 31, 2015 to December 31, 2016.

Capital Assets

Capital assets consist of the following at December 31:

	2016	2015	Variance	% Variance
Buildings	\$ 1,277,357	\$ 1,277,357	\$ -	0.00%
Equipment	1,487,885	1,218,330	269,555	22.12%
Automobiles	20,848	20,848	-	0.00%
	<u>2,786,090</u>	<u>2,516,535</u>	<u>269,555</u>	<u>10.71%</u>
Accumulated depreciation	<u>(1,536,290)</u>	<u>(1,404,395)</u>	<u>(131,895)</u>	<u>9.39%</u>
	<u>\$ 1,249,800</u>	<u>\$ 1,112,140</u>	<u>\$ 137,660</u>	<u>12.38%</u>

Terrebonne Parish Communications District

Management's Discussion and Analysis

Capital assets increased by \$137,660, approximately 12%, due primarily to the additions of equipment in the current fiscal year. Additions for the year ended December 31, 2016 included:

Equipment	<u>\$ 269,555</u>
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Certificates of Indebtedness

The District had \$55,000 of certificates of indebtedness outstanding at December 31, 2016, compared to \$110,000 at December 31, 2015, a decrease of 50%.

	<u>2016</u>	<u>2015</u>	<u>Variance</u>	<u>% Variance</u>
Certificates of indebtedness	<u>\$ 55,000</u>	<u>\$ 110,000</u>	<u>\$ (55,000)</u>	-50.00%

Budget

The annual budget is approved by the Board of Commissioners and made available for public inspection.

Economic Factors and Next Year's Budgets and Rates

The District and management considered the following factors and indicators when setting next year's budget, rates, and fees:

- Increase in service charges collected in 2016.
- Prior year's expenses.
- The District expects that next year's results may increase slightly based on the overall economy in the area.

Contacting the District's Management

This financial report is designed to provide a general overview of the District's finances for all those with such an interest. Call the District's office (985-580-0911) attention Mark Boudreaux, Director, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

Financial Statements

Terrebonne Parish Communications District
Statement of Net Position
December 31, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 55,352
Certificates of deposit	50,117
Louisiana Asset Management Pool	402,713
Accounts receivable	270,214
Prepaid expenses	127,292
	<u>905,688</u>

Capital Assets

Property and equipment, net	1,249,800
	<u>\$ 2,155,488</u>

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 144,982
Accrued payroll expenses	33,180
Certificates of indebtedness	55,000
	<u>233,162</u>

Noncurrent Liabilities

Accrued compensated absences	43,476
	<u>276,638</u>

Net Position

Net investment in capital assets	1,194,800
Unrestricted	684,050
	<u>1,878,850</u>
	<u>\$ 2,155,488</u>

Terrebonne Parish Communications District
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2016

Operating Revenues	
Service charges	\$ 1,695,889
Fire dispatch reimbursements	132,012
Other revenues	22,158
	<u>1,850,059</u>
Operating Expenses	
Salaries and related taxes	1,022,322
Retirement benefits	21,329
Rent	21,960
Telephone expense	127,599
Administrative services	7,246
Office supplies	12,409
Repairs and maintenance	180,239
Utilities	20,067
Depreciation	131,895
Legal and professional services	24,732
Insurance	48,174
Travel	3,354
	<u>1,621,326</u>
Operating Income	<u>228,733</u>
Non-Operating Revenues (Expenses)	
Interest income	1,955
Interest expense	(4,565)
	<u>(2,610)</u>
Change in Net Position	226,123
Net Position, Beginning of Year	<u>1,652,727</u>
Net Position, End of Year	<u>\$ 1,878,850</u>

See accompanying notes to financial statements.

Terrebonne Parish Communications District
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash Flows From Operating Activities

Receipts:

Cash received from customers \$ 1,786,569

Disbursements:

Payments to employees for services (1,053,842)

Payments to suppliers for goods and services (325,118)

Net cash provided by operating activities 407,609

Cash Flows From Capital and Related Financing Activities

Purchases of capital assets (269,555)

Principal paid on certificates of indebtedness (55,000)

Interest paid on certificates of indebtedness (4,565)

Net cash used in capital and related financing activities (329,120)

Cash Flows From Investing Activities

Additions to certificates of deposit (24)

Additions to Louisiana Asset Management Pool (51,930)

Interest received 1,955

Net cash used in investing activities (49,999)

Net change in cash and cash equivalents 28,490

Cash and cash equivalents, beginning balance 26,862

Cash and cash equivalents, ending balance \$ 55,352

**Reconciliation of Change in Net Position to
Cash Flows from Operating Activities**

Operating income \$ 228,733

Adjustments to reconcile the change in net position
to net cash provided by operating activities:

Depreciation 131,895

(Increase) decrease in:

Accounts receivable (63,490)

Prepaid expenses (11,239)

Increase (decrease) in:

Accounts payable 131,901

Accrued payroll expenses 6,212

Accrued compensated absences (16,403)

Net cash provided by operating activities \$ 407,609

See accompanying notes to financial statements.

Terrebonne Parish Communications District

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Nature of Operations

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. The District is a component unit of 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, 2016. The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

Financial Reporting Entity

In November 2010, the Governmental Accounting Standards Board ("GASB") issued Statement No. 61 ("GASB 61"), The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34. This pronouncement revises the requirements for determining if a component unit is included in the financial reporting entity of its primary government.

Organizations are required to have a financial benefit/burden relationship with the primary government for it to be included in the reporting entity as a component unit. The financial benefit/burden relationship, which was not amended by GASB 61, is defined in GASB 14 as existing if any one of the following conditions is present:

- The primary government is legally entitled to or can otherwise access the organization's resources
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization
- The primary government is obligated in some manner for the debt of the organization

Based on the foregoing criteria, the District is included as a component unit of 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, 2016.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund. Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position.

The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Terrebonne Parish Communications District

Notes to Financial Statements

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, assessments, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Position

The District follows GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's resources that are applicable to a future reporting period. A deferred inflow represents the acquisition of resources that are applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets
- Restricted - Consists of amounts with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation
- Unrestricted - All other amounts that do not meet the definition of "restricted" or "net investment in capital assets"

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as needed.

Use of Estimates

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

Terrebonne Parish Communications District

Notes to Financial Statements

Cash and Cash Equivalents

For the purpose of the statement of net position and statement of cash flows, cash and cash equivalents include all demand accounts of the District with an original maturity of 90 days or less.

Investments

Investments consist of deposits in the Louisiana Asset Management Pool and are carried at fair value. Investment return includes interest, dividends, administrative fees, and realized and unrealized gains and losses, and is included in the statement of activities as increases or decreases in unrestricted net assets.

Accounts Receivable

Receivables consist of all revenues earned at year-end but have not been collected at year end. Management monitors the receivable balances and assesses the collectability at year end based upon the historical collections, knowledge of the individual or entity, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged to the allowance for doubtful accounts. Management has deemed all accounts collectible at year-end and no allowance has been recorded.

Capital Assets

Capital assets with a cost of \$1,000 or more are reported at cost in the statement of net position. Repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Buildings	5 - 40 years
Equipment	5 - 20 years
Automobile	5 years

Compensated Absences

Employees of the District can earn twelve to seventeen days per year vacation leave, depending on their length of employment. An employee may not accumulate more than two times their annual vacation allowance upon their anniversary date. Any unused vacation time in excess of the doubled amount remaining past the employee's anniversary date will be paid to the employee at their regular hourly rate. In the event the employee is terminated or resigns, all unused vacation leave not used will be paid to the employee. Employees of the District earn seven days sick leave per year. Sick leave may be accumulated to a maximum of six hundred (600) hours. Any employee retiring with a minimum of twenty (20) years of service at any age, or ten (10) years of service and of the age of retirement (65 years old), is eligible to receive payment for unused sick leave not to exceed three hundred (300) hours. In the event the employee is terminated or resigns, no sick leave will be paid to the employee. The liability for vacation and sick leave is recorded as a long-term liability in the financial statements.

Prepaid Expenses

Payments to vendors for insurance, maintenance contracts, and membership dues include costs applicable to the next accounting period and are recorded as prepaid items.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code 457. The Plan is administered by the District. The Plan, available to all full-time employees of the District, permits them to defer a portion of their salary until future years.

Terrebonne Parish Communications District

Notes to Financial Statements

All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by Security Benefit for the exclusive benefit of the participants and their beneficiaries.

The District makes contributions on the Employee's behalf based on the following formula; 3% for all full-time employees that have completed their probationary period and five years of consecutive full-time employment with an additional 1% added (4% total) for all full-time employees with seven years of consecutive full-time employment and an additional 1% added (5% total) for all full-time employees with ten years of consecutive fulltime employment. The District's contributions to the Plan for the year ending December 31, 2016 totaled \$21,329.

2. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include demand deposits. Under state law the District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency District. Further, the District may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts or federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding custodial bank in the form of safekeeping receipts.

The District's cash deposits at December 31, 2016 consisted of the following:

	Cash	Certificates of Deposit	Total
Deposits per Statement of Net position (reconciled bank balance)	\$ 55,352	\$ 50,117	\$ 105,469
Deposits in bank accounts per bank	\$ 100,304	\$ 50,117	\$ 150,421
Category 3 bank balances:			
a. Uninsured and uncollateralized	\$ -	\$ -	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	-	-	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name	-	-	-
Total category 3 bank balances	\$ -	\$ -	\$ -

Terrebonne Parish Communications District

Notes to Financial Statements

Custodial Deposit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned to the District. As of December 31, 2016, the District's deposits were properly insured.

3. Investments

The District may invest idle funds as authorized by Louisiana Statutes, as follows:

- United States bonds, treasury notes, certificates, or any other federally insured investment.
- Time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana.
- Mutual or trust funds, which are registered with the Securities and Exchange District under the Securities Act of 1933 and the Investment Act of 1940 and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

Investments are measured at fair value at December 31, 2016 and are comprised of the Louisiana Asset Management Pool.

Investments held in the Louisiana Asset Management Pool (LAMP) at December 31, 2016 was \$402,713. In accordance with GASB Codification Section 150.126, the investment in LAMP - a local government investment pool- is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

Interest Rate and Credit Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. The District's investment policy limits interest rate risk by generally limiting maturities of its investments to shorter term securities, money market mutual funds, or similar investment pools.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a national recognized statistical rating organization. Credit quality ratings are not required for U.S. government securities. Federal agency securities are securities, usually bonds, issued by a U.S. Government-sponsored agency. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the State of Louisiana.

Terrebonne Parish Communications District

Notes to Financial Statements

4. Capital Assets

A summary of changes in capital assets is as follows:

	Balance 01/01/16	Additions	Disposals	Balance 12/31/16
Capital Assets Being Depreciated				
Buildings	1,277,357	-	-	1,277,357
Equipment	1,218,330	269,555	-	1,487,885
Automobile	20,848	-	-	20,848
	<u>2,516,535</u>	<u>269,555</u>	<u>-</u>	<u>2,786,090</u>
Accumulated depreciation	(1,404,395)	(131,895)	-	(1,536,290)
	<u>\$ 1,112,140</u>	<u>\$ 137,660</u>	<u>\$ -</u>	<u>\$ 1,249,800</u>

5. Noncurrent Liabilities

Long-term liabilities consist of compensated absences payable for accumulated unpaid vacation and sick leave and a certificate of indebtedness.

As of December 31, 2016, the District had one outstanding certificate of indebtedness totaling \$55,000. The certificate bears interest at 4.15% and is payable through October 1, 2017. The certificate is secured by a pledge and dedication of the excess of annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the certificate is outstanding.

The following is a summary of the long-term obligation transactions for the year ended December 31, 2016:

	Balance at 01/01/16	Additions	Payments	Balance at 12/31/16	Due Within One Year
Certificates of indebtedness	\$ 110,000	\$ -	\$ (55,000)	\$ 55,000	\$ 55,000
Compensated absences	59,879	39,391	(55,794)	43,476	-
	<u>\$ 169,879</u>	<u>\$ 39,391</u>	<u>\$ (110,794)</u>	<u>\$ 98,476</u>	<u>\$ 55,000</u>

The requirements to amortize the certificate of indebtedness outstanding as of December 31, 2016 are as follows:

Year Ending December 31	Principal	Interest
2017	55,000	2,283
	<u>\$ 55,000</u>	<u>\$ 2,283</u>

Terrebonne Parish Communications District

Notes to Financial Statements

6. Compensation of Board Members

Board Member	Amount
Bryan Chaisson	\$ -
Toby Henry	-
Terrell Daigre	-
Duane Farmer	-
Perry "Joe" Szush	-
Keith Ward	-
Shonna Theriot	-

No compensation was paid to Board Members for the year ended December 31, 2016.

7. Operating Leases

The District leases tower space from two unrelated third parties. These one-year, written agreements are renewable annually with the consent of both parties. The total lease expense under these agreements for the year ended December 31, 2016 is \$21,960.

8. Commitment

The Federal Communications Commission (FCC) and the Louisiana State Legislature have issued rulings and statutes requiring wireless telecommunication providers to provide the number and location of the caller to the communications district when a caller accesses 911. State statutes require the caller location service to be operating within one year of collecting a consumer fee for the service.

The District implemented the rulings and has begun collecting the service charge effective January 1, 2001. Proceeds from the consumer service charge, \$916,154 for the year ended December 31, 2016, shall be used for the payment of service provider and district costs associated with system implementation.

9. Risk Management

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the District carries commercial insurance or other insurance for the losses to which it is exposed. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure and claims experience. The premium for auto liability is based on claims experience, vehicle type, and mileage.

10. Subsequent Events

Subsequent events were evaluated by management through May 16, 2017, which is the date the financial statements were available to be issued.

Supplementary Information

Terrebonne Parish Communications District
Schedule of Compensation, Benefits, and Other Payments to District Head
For the Year Ended December 31, 2016

Name: Mark Boudreaux
Position: Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 76,733
Benefits - insurance	17,216
Benefits - retirement	3,837
Per diem	256
Conference - registration	150
Conference - travel	92
	<u>\$ 98,284</u>

*Reports Required by
Government Auditing Standards*

**Independent Auditor’s Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Commissioners
Terrebonne Parish Communications District
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Terrebonne Parish Communications District (the “District”) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated May 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Covington, Louisiana
May 16, 2017

Terrebonne Parish Communications District
Summary of Auditor's Results and Schedule of Findings
For the Year Ended December 31, 2016

A. Summary of Auditor's Results

a. Financial Statements

Type of auditors' report issued: Unmodified

b. Internal control over financial reporting:

Material weaknesses identified _____ yes ✓ no

Significant deficiencies identified not
considered to be material weaknesses _____ yes ✓ none noted

c. Noncompliance material to financial
statements noted

_____ yes ✓ no

B. Findings in Accordance with *Government Auditing Standards*

None

Terrebonne Parish Communications District
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2016

A. Findings Relating to the Financial Statement Reported in Accordance with *Government Auditing Standards*

None noted.