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CADDO PARISH COMMUNICATIONS  
DISTRICT NUMBER ONE  
Shreveport, Louisiana

Annual Financial Report

Year ended December 31, 1993

(With Independent Auditor's Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been distributed to the auditor, the council, the parish and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, upon application, at the office of the parish clerk of court.

Release Date 1/14/94

# **KPMG** Peat Marwick LLP

1000 Connecticut Avenue, Suite 2000  
Washington, DC 20036  
Telephone: 202 776-2000

## Independent Auditors' Report

To the Members of the  
Board of Commissioners  
Cable Parish Communications  
District Number One:

We have audited the accompanying financial statements of the Cable Parish Communications District Number One (the "District"), component unit of the Cable Parish Commission, as of and for the year ended December 31, 1997. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these component unit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 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 a report dated April 30, 1998 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 grants.

*KPMG Peat Marwick LLP*

April 30, 1998

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
Shreveport, Louisiana

Consolidated Balance Sheet - General Fund and Account Group

December 31, 1997  
(with comparative totals for December 31, 1996)

| Assets  | General<br>Fund     | General<br>Fund<br>Assets<br>Account<br>Group | General<br>Long-Term<br>Debt<br>Account<br>Group | Totals                  |                  |
|---|---------------------|---|--|-------------------------|------------------|
|   |                     |   |  | (Millions Only)<br>1997 | 1996             |
| Cash (note 2)   | \$ 181,999          | —   | —  | 181,999                 | 1,811,234        |
| Investments (note 2)  | 1,088,543           | —   | —  | 1,088,543               | 1,876,831        |
| Accounts receivable   | 407,931             | —   | —  | 407,931                 | 278,389          |
| Prepaid expenses  | —                   | —   | —  | —                       | 1,124            |
| Fixed assets (note 2)   | —                   | 6,541,862                                     | —  | 6,541,862               | 3,688,028        |
| Amount to be provided for<br>retirement of long-term debt         | —                   | —   | 1,581,800  | 1,581,800               | 1,000,000        |
| <b>Total assets</b>   | <b>\$ 2,681,451</b> | <b>6,541,862</b>                              | <b>1,581,800</b>                                 | <b>11,885,113</b>       | <b>8,857,857</b> |
| <b>Liabilities and Fund Equity<br/>and Other Credits</b>          |                     |   |  |                         |                  |
| <b>Liabilities:</b>   |                     |   |  |                         |                  |
| Accounts payable  | \$ 132,944          | —   | —  | 132,944                 | 82,957           |
| Wastewater payable  | 87,748              | —   | —  | 87,748                  | —                |
| Certificates of indebtedness<br>(note 4)                          | —                   | —   | 1,581,800  | 1,581,800               | 1,000,000        |
| <b>Total liabilities</b>  | <b>220,692</b>      | <b>—</b>                                      | <b>1,581,800</b>                                 | <b>3,815,712</b>        | <b>1,082,957</b> |
| <b>Fund equity and other credits:</b>                             |                     |   |  |                         |                  |
| Investment in general<br>fund assets                              | —                   | 6,541,862                                     | —  | 6,541,862               | 3,688,028        |
| Fund balance - unreserved<br>Designated for system<br>replacement | —                   | —   | —  | —                       | 1,055,488        |
| Undesignated  | 1,851,759           | —   | —  | 1,851,759               | 2,021,628        |
| <b>Total fund equity and<br/>other credits</b>                    | <b>1,851,759</b>    | <b>6,541,862</b>                              | <b>—</b>   | <b>8,103,621</b>        | <b>7,764,868</b> |
| Contingencies (note 7)  | —                   | —   | —  | —                       | —                |
| <b>Total liabilities, fund<br/>equity, and other<br/>credits</b>  | <b>\$ 2,681,451</b> | <b>6,541,862</b>                              | <b>1,581,800</b>                                 | <b>11,885,113</b>       | <b>8,857,857</b> |

See accompanying notes to financial statements.

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**Shreveport, Louisiana**

**General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

For the year ended December 31, 1997  
 (with comparative totals for the year ended December 31, 1996)

|  | 1997                       | 1996                    |
|--|----------------------------|-------------------------|
| <b>Revenues:</b>   |                            |                         |
| Telephone tariffs  | \$ 2,009,325               | 1,949,844               |
| Miscellaneous  | <u>8,312</u>               | <u>7,952</u>            |
| Total revenues   | <u>2,017,637</u>           | <u>1,957,796</u>        |
| <b>Expenditures:</b>   |                            |                         |
| <b>Current:</b>  |                            |                         |
| Personal services (note 4)   | 216,729                    | 159,024                 |
| Materials and supplies   | 20,799                     | 18,322                  |
| Contracted services (note 4)   | 821,156                    | 781,621                 |
| <b>Capital outlay:</b>   |                            |                         |
| Facility expansion   | 2,046,621                  | —                       |
| System enhancements  | 1,862,626                  | 384,681                 |
| Reserve deposit (note 7)   | —                          | 381,632                 |
| <b>Debt Service:</b>   |                            |                         |
| Principal  | 90,080                     | —                       |
| Interest   | <u>89,879</u>              | <u>—</u>                |
| Total expenditures   | <u>4,389,035</u>           | <u>1,825,628</u>        |
| <b>Deficiency of revenues over expenditures</b>                                      | <b><u>(2,371,398)</u></b>  | <b><u>(871,584)</u></b> |
| <b>Other financing sources:</b>  |                            |                         |
| Interest income  | 171,281                    | 164,264                 |
| Proceeds of certificates of indebtedness   | <u>633,000</u>             | <u>1,000,000</u>        |
| Total other financing sources  | <u>804,281</u>             | <u>1,164,264</u>        |
| <b>Excess (deficiency) of revenues and other financing sources over expenditures</b> | <b><u>(1,425,105)</u></b>  | <b><u>871,660</u></b>   |
| <b>Fund balance at beginning of year</b>   | <b><u>4,076,248</u></b>    | <b><u>3,204,188</u></b> |
| <b>Fund balance at end of year</b>   | <b><u>\$ 2,651,143</u></b> | <b><u>4,076,848</u></b> |

See accompanying notes to financial statements.

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**Shreveport, Louisiana**

**General Fund**

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

Year ended December 31, 1997

|  | Budget              | Actual             | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------|--------------------|--|
| <b>Revenues:</b>   |                     |                    |  |
| Telephone tariffs  | \$ 2,134,815        | 2,089,338          | (65,477)                               |
| Miscellaneous  | 8,312               | 8,312              | —                                      |
| Total revenues   | <u>2,143,127</u>    | <u>2,097,650</u>   | <u>(65,477)</u>                        |
| <b>Expenditures:</b>   |                     |                    |  |
| <b>Current:</b>  |                     |                    |  |
| Personal services  | 225,481             | 226,729            | 8,752                                  |
| Materials and supplies   | 29,080              | 20,799             | 8,281                                  |
| Contracted services  | 829,734             | 823,276            | 7,968                                  |
| Capital outlay - system enhancements   | 3,688,620           | 3,189,247          | 579,373                                |
| Debt service (principal and interest)  | 129,620             | 129,620            | —                                      |
| Total expenditures   | <u>4,902,485</u>    | <u>4,395,671</u>   | <u>(606,814)</u>                       |
| <b>Deficiency of revenues over expenditures</b>                                      | <u>(2,759,358)</u>  | <u>(2,298,021)</u> | <u>(561,337)</u>                       |
| <b>Other financing sources:</b>  |                     |                    |  |
| Interest income  | 180,000             | 171,281            | 11,281                                 |
| Proceeds of certificates of indebtedness   | 621,000             | 621,000            | —                                      |
| Total other financing sources  | <u>791,000</u>      | <u>792,281</u>     | <u>11,281</u>                          |
| <b>Excess (deficiency) of revenues and other financing sources over expenditures</b> | <u>(1,968,358)</u>  | <u>(1,425,740)</u> | <u>542,618</u>                         |
| <b>Fund balance at beginning of year</b>   | <u>4,026,848</u>    | <u>4,026,848</u>   | <u>—</u>                               |
| <b>Fund balance at end of year</b>   | <u>\$ 2,058,490</u> | <u>2,601,108</u>   | <u>542,618</u>                         |

See accompanying notes to financial statements.

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
 Shreveport, Louisiana

**Notes to Financial Statements**

**December 31, 1997**

**(I) Summary of Significant Accounting Policies**

The Caddo Parish Communications District Number One (the "District") was created by the Caddo Parish Commission (the "Commission") by ordinance on September 25, 1983, as provided under the Louisiana Revised Statutes 33:9003. The District is comprised of property within the Parish of Caddo and is governed by a Board of Commissioners. The purpose of the District is to provide a primary three-digit emergency telephone number (911) and related support systems for Caddo Parish.

**Reporting Entity**

The basic criterion for determining whether a governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/cost relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

Five members of the Board of Commissioners are chosen by the City of Shreveport and two are chosen by the Commission. The Commission, however, must approve all city appointments. The District constitutes a political subdivision of the State of Louisiana and is a component unit of the Commission.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant accounting policies:

**(a) Basis of Presentation - Fund Accounting**

The District's operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

(Continued)

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
 Shreveport, Louisiana

**Notes to Financial Statements**

Amounts in the "Totals (Memorandum Only)" columns of the financial statements represent a summation of the combined financial statements line items of the General Fund, General Fixed Asset Account Group and General Long-Term Debt Account Group and are presented for analytical purposes only. The summation includes fund types and account groups that use different basis of accounting. Therefore, amounts shown in the "Totals (Memorandum Only)" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures of the District.

The following fund types and account groups are utilized:

**Governmental Funds**

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. All governmental funds are accounted for on a spending measurement focus where the focus is upon determination of changes in financial position rather than upon net income determination.

The General Fund is the principal fund of the District and is used to account for all the activities of the District.

**Account Groups**

An account group is used to establish accounting control and accountability for the District's general fixed assets and general long-term obligations. The General Fixed Assets Account Group is established to account for all fixed assets of the District. The General Long-Term Debt Account Group is established to account for all long-term obligations of the District.

**(b) 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.

(Continued)

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**Shreveport, Louisiana**

**Notes to Financial Statements**

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Telephone utility revenues and investment earnings are recorded as earned, since they are measurable and available. Expenditures are recognized when the related fund liability is incurred.

**01 Budgetary Data**

The District follows these procedures in establishing the budgetary data reflected in these financial statements:

- (1) The budget sub-committee prepares a proposed budget and submits it to the Board of Commissioners. At the same time, a public hearing is called.
- (2) A public hearing is held on the proposed budget.
- (3) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution at least fifteen days prior to the commencement of the fiscal year for which the budget is being adopted.
- (4) The budget document is structured such that revenues are budgeted by source and appropriations are budgeted by function and by object. District policy provides that expenditures may not legally exceed appropriations on a functional basis. Budgetary amendments require approval of the Board of Commissioners. Two budget revisions were made during the year ended December 31, 1997.
- (5) All budgetary appropriations lapse at the end of each fiscal year.
- (6) The basis of accounting applied to budgetary data presented is substantially consistent with the appropriate basis of accounting for the fund.

(Continued)



**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
 Shreveport, Louisiana

**Notes to Financial Statements**

**10 Telephone Tariffs**

The District's primary revenue source is the telephone tariff collected by two area telephone companies. Prior to September 1998, a surcharge of \$1.67 and \$1.81 was charged to residential and commercial line customers, respectively, on their monthly telephone bills. Effective September 1998, the voters approved an increase in the rates. The new rates, as of September 1998, are \$1.00 and \$2.00, respectively.

In June 1996, the District ceased to collect telephone tariff revenues for cellular phones. The District discontinued collection of the cellular revenues in anticipation of an election, which would allow the voters of Caddo Parish to approve a proposition to clarify the District's authority to collect the cellular tariff. In September 1996, the voters approved two propositions giving the District the authority to (1) use such revenues for communications enhancements, (2) clarify the District's authority to collect such charges and, (3) convert the tariff to a flat rate and increase the tariff. The District agreed not to collect future cellular charges until such time as the amount due from cellular customers after the new legislation became effective equals the amounts collected from cellular customers prior to the clarifying legislation, which was July 1997. The cellular telephone tariff rate increased from \$1.00 to \$1.00 effective July 1, 1997. Revenues is recorded as it is earned.

**11 Encumbrances**

Encumbrance accounting is employed as an extension of the formal budgetary process in the General Fund. Under this process, purchase orders, contracts, and other commitments for the expenditure of all monies are recorded in order to reserve a portion of the applicable appropriation. Encumbrances do not constitute expenditures or liabilities. Any encumbrances outstanding at year end are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. There were no encumbrances outstanding at December 31, 1997.

**12 Investments**

Investments are stated at cost, which approximates market. Such states generally authorize the District to invest in direct United States Treasury obligations; indebtedness issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government); indebtedness issued or guaranteed by federally sponsored U.S. government agencies; time certificates of deposit at state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana; or contract or trust fund institutions which are registered with the Securities and Exchange Commission.

(Continued)

**CAJODO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
 Shreveport, Louisiana

**Notes to Financial Statements**

**89 Fixed Assets**

The accounting and reporting treatment applied to the fixed assets associated with the District are determined by the fund's measurement focus. The General Fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, the General Fund is said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fund assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Such assets are valued at historical cost, if purchased, and at fair market value or date of gift, if donated. No depreciation has been provided for assets accounted for in the General Fixed Assets Account Group.

**90 Designations**

Use of the term "Designated" in describing fund balance indicates that a portion of the fund balance has been segregated to indicate tentative plans for future financial resource use. Subsequent authorization is required before expenditures can be made. In 1990, the District began designating ten percent of its utility revenue plus all interest accumulated within this account to be used as a reserve for system replacements.

During April 1997, the District discontinued the designation of utility revenue for this purpose. System upgrades have been in process during 1996 and 1997 and will continue into 1998.

**91 Use of Estimates**

Management of the District has made a number of estimates and assumptions relating to the assets and liabilities and the disclosure of contingent assets and liabilities in preparing these financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

(Continued)

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
*Shreveport, Louisiana*

**Notes to Financial Statements**

**(i) Comparative Total Data**

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data (i.e., presentation of prior years totals by fund type) have not been presented in each of the statements, since their inclusion would make the statements visually complex and difficult to read.

**(ii) Cash and Investments**

**A. Deposits**

At December 31, 1997, the District's deposits were entirely insured by federal depository insurance or collateralized with securities held in the District's name by a bank other than the pledging bank. The carrying value of the District's deposits was \$125,963, and the bank balance was \$184,324.

**B. Investments**

The District's investments at year end are categorized below to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or explained or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unexplained investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured or unexplained investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

|                     | Category   |   |   | Carrying<br>Amount | Market<br>Value  |
|---------------------|------------|---|---|--------------------|------------------|
|                     | 1          | 2 | 3 |                    |                  |
| U.S. Treasury bills | \$ 984,834 | — | — | 984,834            | 987,790          |
| Money market funds  | 1,313,711  | — | — | 1,313,711          | 1,313,711        |
|                     |            |   |   | <u>1,308,545</u>   | <u>1,301,501</u> |

(Continued)

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
Shreveport, Louisiana

**Notes to Financial Statements**

**(8) Changes in General Fixed Assets**

The changes in general fixed assets are as follows:

|                             | Balance<br>January 1,<br>1997 | Additions        | Deductions | Balance<br>December 31,<br>1997 |
|-----------------------------|-------------------------------|------------------|------------|---------------------------------|
| Land                        | \$ 442,173                    | —                | —          | 442,173                         |
| Building                    | 1,472,691                     | —                | —          | 1,472,691                       |
| Equipment                   | 1,649,794                     | 604,089          | —          | 2,253,883                       |
| Construction in<br>progress | <u>121,362</u>                | <u>1,548,853</u> | <u>—</u>   | <u>2,670,215</u>                |
|                             | <u>\$ 3,685,020</u>           | <u>2,152,942</u> | <u>—</u>   | <u>5,837,962</u>                |

See footnote 8 for a description of the construction in progress and the related commitments for additional system upgrades.

**(9) Long-Term Debt**

Long-term debt at December 31, 1997, was as follows:

|  |                     |
|--|---------------------|
| \$1,000,000 Certificates of Indebtedness, Series 1996, due in annual installments of \$50,000 to \$50,000 through December 1, 2011, interest at 6.75% to 8.25% | \$ 950,000          |
| \$615,000 Certificates of Indebtedness, Series 1997, due in annual installments of \$30,000 to \$65,000 through December 1, 2011, interest at 5.0% to 5.55%    | <u>615,000</u>      |
|  | <u>\$ 1,565,000</u> |

A summary of changes in general long-term obligations follows:

|  | Balance<br>December 31,<br>1996 | Additions      | Retirements<br>and<br>Excesses | Balance<br>December 31,<br>1997 |
|--|---------------------------------|----------------|--------------------------------|---------------------------------|
| Certificates of<br>Indebtedness - 1996 | \$ 1,000,000                    | —              | 50,000                         | 950,000                         |
| Certificate of<br>Indebtedness - 1997  | <u>—</u>                        | <u>615,000</u> | <u>—</u>                       | <u>615,000</u>                  |
|  | <u>\$ 1,000,000</u>             | <u>615,000</u> | <u>50,000</u>                  | <u>1,565,000</u>                |

(Continued)

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**Shreveport, Louisiana**

**Notes to Financial Statements**

There are a number of limitations and restrictions contained in the Certificates of Indebtedness. The District is in substantial compliance with all significant limitations and restrictions. The Certificates are secured by and payable solely from a pledge of the success of annual revenues.

The annual requirements to amortize long-term debt as of December 31, 1993, including interest payments of \$693,908 are as follows:

| Years Ending<br>December 31 | Long-term<br>Debt   |
|-----------------------------|---------------------|
| 1998                        | \$ 162,680          |
| 1999                        | 158,525             |
| 2000                        | 164,340             |
| 2001                        | 159,649             |
| 2002                        | 165,048             |
| 2003-2007                   | 815,135             |
| 2008-2012                   | <u>623,581</u>      |
|                             | <b>\$ 2,278,898</b> |

(8) **Contracted Services**

Contracted services include payments for outside services such as telephones, equipment and property maintenance, utilities, payments to the City of Shreveport, and professional services. Payments to the City of Shreveport were to reimburse the Shreveport Fire Department for the costs associated with providing centralized dispatching for the Caddo Parish Fire Districts. A summary of contracted services at December 31, 1993, is as follows:

|                                    |                   |
|------------------------------------|-------------------|
| Telephones                         | \$ 258,694        |
| Payments to the City of Shreveport | 160,859           |
| Equipment and property maintenance | 158,979           |
| Professional services              | 156,230           |
| Utilities                          | 31,464            |
| Other                              | <u>88,213</u>     |
|                                    | <b>\$ 802,439</b> |

(Continued)

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
Shreveport, Louisiana

**Notes to Financial Statements**

**(6) Defined Benefit Pension Plan**

All employees of the District are members of City of Shreveport Employees' Retirement System (City Plan). The City Plan is a cost-sharing multiple employer defined benefit plan which is administered by the City of Shreveport, which approved the soundness of District employees. Enrollment is mandatory for full-time permanent employees. Benefit provisions are established and may be amended by City ordinance. The City of Shreveport issues a publicly available financial report that includes financial statements and required supplementary information of the City Plan. That report may be obtained by writing the City of Shreveport, 1234 Texas Avenue, Shreveport, Louisiana 71104.

**Funding Policy** - Covered employees are required to contribute 9% of their salary to the City Plan. The District is required to contribute 9.15% of covered employees' salaries through 1997. The employer and employee contribution obligations are established and may be amended by City ordinance.

The District's contributions for the years ending December 31, 1997, 1996, and 1995, were \$13,018, \$9,344, and \$9,332, respectively, equal to the required contribution for each year.

**(7) Commitments**

Construction in progress at December 31, 1997, consisted of one project for the expansion of the District's Communication Center. The project is expected to cost approximately \$2,419,000. At December 31, 1997, \$444,000 remains on the contract.

In 1996, the District entered into a contract to purchase a fully operational Data Communications System for an integrated public safety data communication system which consists of a parishwide Computer Assisted Dispatch, Records Management System, a Tactical Map Display System, and communications console furniture. The contract price is approximately \$2,500,000. Upon execution of the contract, the District deposited \$500,872 in an escrow account which would be transmitted to the vendor upon the District's acceptance of a Statement of Work. In 1997, \$500,872 was released from an escrow account to the vendor. At December 31, 1997, \$1,713,000 remains on the contract.

On June 30, 1997, the District entered into a contract for the purchase and installation of a console electronic bank, dispatch console electronics and communication center furniture to serve the Shreveport Fire Department, Shreveport Police Department, and Caddo Parish Sheriff's Office. The contract price is approximately \$1,000,000. At December 31, 1997, \$179,000 remains on the contract.

(Continued)

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE  
Shreveport, Louisiana

Notes to Financial Statements

In September 1997, the District entered into a 60 month special service arrangement agreement with a vendor. Agreement amount includes approximately \$478,000 in non-recurring charges and monthly charges of approximately \$20,500. As December 31, 1997, no payments had been made on these agreements.

(8) Subsequent Events

On April 28, 1998, the District issued \$6.8 million in Certificates of Indebtedness. The proceeds are to be used to fund a new 800-MHz 25 channel simulcast trunked radio system.

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

To the Members of the Board of Commissioners  
Caddo Parish Commissioners District Number One

We have audited the financial statements of Caddo Parish Commissioners District Number One (the "District"), a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 1997, and have issued our report thereon dated April 30, 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 operation that we consider to be material weaknesses.

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

*KPMG Peat Marwick LLP*

April 30, 1998