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

Annual Financial Statements

Year ended December 31, 1999

(With Independent Auditors' Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 APR 26 2000



1900 Deposit Guaranty Tower
333 Texas Street
Shreveport, LA 71101-3692

Independent Auditors' Report

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

We have audited the accompanying financial statements of the Caddo Parish Communications District Number One (the "District"), a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these 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, 1999, 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 March 3, 2000 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The information included as Required Supplementary Information on page 14 is not a required part of the basic financial statements but is supplementary information required by Louisiana Revised Statute 33:9101 E. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information, and express no opinion on it.

KPMG LLP

March 3, 2000



CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Combined Balance Sheet - General Fund and Account Groups

December 31, 1999
(with comparative totals for December 31, 1998)

Assets	General Fund	General Fixed Assets Account Group	General Long-Term Debt Account Group	Totals (Memorandum Only)	
				1999	1998
Cash and cash equivalents (note 3)	\$ 7,418,689	-	-	7,418,689	7,581,374
Accounts receivable	617,787	-	-	617,787	271,710
Fixed assets (note 4)	-	8,844,157	-	8,844,157	8,202,535
Amount to be provided for retirement of long-term debt	-	-	7,415,000	7,415,000	7,855,000
Total assets	\$ 8,036,476	8,844,157	7,415,000	24,295,633	23,910,619
Liabilities and Equity and Other Credits					
Liabilities:					
Accounts payable	\$ 258,877	-	-	258,877	90,625
Retainage payable	153,905	-	-	153,905	153,905
Certificates of indebtedness (note 5)	-	-	7,415,000	7,415,000	7,855,000
Total liabilities	412,782	-	7,415,000	7,827,782	8,099,530
Equity and other credits:					
Investment in general fixed assets	-	8,844,157	-	8,844,157	8,202,535
Fund balance - unreserved - undesignated	7,623,694	-	-	7,623,694	7,608,554
Total equity and other credits	7,623,694	8,844,157	-	16,467,851	15,811,089
Commitments (notes 7 and 8)					
Total liabilities, equity, and other credits	\$ 8,036,476	8,844,157	7,415,000	24,295,633	23,910,619

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, 1999
 (with comparative totals for the year ended December 31, 1998)

	<u>1999</u>	<u>1998</u>
Revenues:		
Telephone tariffs	\$ 2,681,976	2,443,693
Interest income	396,220	294,891
Miscellaneous	8,917	8,534
Total revenues	<u>3,087,113</u>	<u>2,747,118</u>
Expenditures:		
Current:		
Personal services	381,679	390,603
Materials and supplies	28,743	33,308
Contracted services (note 5)	1,002,973	944,616
Capital outlay:		
Facility expansion	104,227	590,795
System enhancements	712,943	1,763,677
Debt service:		
Principal	440,000	530,000
Interest, fees and charges	401,408	337,304
Total expenditures	<u>3,071,973</u>	<u>4,590,303</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>15,140</u>	<u>(1,843,185)</u>
Other financing sources - proceeds of certificates of indebtedness	<u>-</u>	<u>6,800,000</u>
Excess of revenues and other financing sources over expenditures	15,140	4,956,815
Fund balance at beginning of year	<u>7,608,554</u>	<u>2,651,739</u>
Fund balance at end of year	<u>\$ 7,623,694</u>	<u>7,608,554</u>

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, 1999

	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable) Favorable Variance</u>
Revenues:			
Telephone tariffs	\$ 2,634,104	2,681,976	47,872
Interest income	348,562	396,220	47,658
Miscellaneous	8,917	8,917	-
Total revenues	<u>2,991,583</u>	<u>3,087,113</u>	<u>95,530</u>
Expenditures:			
Current:			
Personal services (note 2)	375,053	381,679	(6,626)
Materials and supplies	30,500	28,743	1,757
Contracted services (note 2)	999,839	1,002,973	(3,134)
Capital outlay	881,813	817,170	64,643
Debt service (principal, interest, fees and charges)	843,608	841,408	2,200
Total expenditures	<u>3,130,813</u>	<u>3,071,973</u>	<u>58,840</u>
Excess of revenues over expenditures (expenditures over revenues)	(139,230)	15,140	154,370
Fund balance at beginning of year	<u>7,608,554</u>	<u>7,608,554</u>	-
Fund balance at end of year	<u>\$ 7,469,324</u>	<u>7,623,694</u>	<u>154,370</u>

See accompanying notes to financial statements.

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

December 31, 1999

(1) 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, 1985, as provided under the Louisiana Revised Statute 33:9103. 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 system 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/burden 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.

Amounts in the "Totals (Memorandum Only)" columns of the financial statements represent a summation of the combined financial statement 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 bases 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.

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

December 31, 1999

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.

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 tariff revenues and investment earnings are recorded as earned, since they are measurable and available. Expenditures are recognized when the related fund liability is incurred.

(c) 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.

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

December 31, 1999

- (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. Three budget revisions were made during the year ended December 31, 1999.
- (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.

(d) Telephone Tariffs

The District's primary revenue source is the landline exchange telephone service supplier's tariff collected by two area telephone companies. These tariffs are charged on the customer's monthly telephone bills. Effective September 1996, the voters approved rates for residential and commercial line customers of \$1.00 and \$2.00, respectively.

In addition, the District collects telephone tariff revenues for cellular or other wireless telecommunication service. In September 1996, the voters approved two propositions that (1) gave the District the authority to use such revenues for communications enhancement, (2) clarified the District's authority to collect such charges, and (3) converted the tariff to a flat rate and increased the tariff. The cellular telephone tariff rate increased from \$.40 to \$1.00 effective July 1, 1997. Revenue is recorded as it is earned.

(e) 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 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 commitment will be honored through subsequent years' budget appropriations. There were no encumbrances outstanding at December 31, 1999.

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

December 31, 1999

(f) Investments

Investments in money market investments, consisting of money market funds and U.S. agency obligations with a maturity of one year or less at the time of purchase, are reported at cost and classified as cash and cash equivalents. State statutes 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 of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana; or mutual or trust fund institutions which are registered with the Securities and Exchange Commission.

(g) 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 fixed 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 at date of gift, if donated. No depreciation has been provided for assets accounted for in the General Fixed Assets Account Group.

(h) 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 to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(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 year's totals by fund type) have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read.

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

December 31, 1999

(2) Budget Comparisons

During 1999, based on the legally adopted level of control for budgetary purposes, the following functions had excess expenditures over appropriations:

Personal services	\$ 6,626
Contracted services	3,134

(3) Deposits and Investments

Deposits

At December 31, 1999, the carrying value and the bank balance of the District's deposits represented overdraft positions of \$182,314 and \$165,417, respectively. This difference is due to the outstanding checks at December 31, 1999. The carrying amount has been classified into accounts payable in the combined balance sheet. On January 4, 2000, the District deposited funds to cover the overdrawn balance. Although the District is in an overdraft position, the District's cash balance is typically insured entirely by federal depository insurance or collateralized with securities held in the District's name by a bank other than a pledging bank.

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 registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered 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 unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. Investments in mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. At December 31, 1999, investments held are as follows:

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Cost</u>
U.S. agency obligations	\$ 7,301,526	-	-	\$ 7,301,526
Money market funds				<u>117,163</u>
Total cash and cash equivalents				<u>\$ 7,418,689</u>

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

December 31, 1999

(4) Changes in General Fixed Assets

The changes in general fixed assets are as follows:

	Balance January 1, 1999	Additions	Deductions	Balance December 31, 1999
Land	\$ 442,173	75,000	-	517,173
Building	1,459,448	2,510,878	-	3,970,326
Equipment	3,790,036	566,621	-	4,356,658
Construction in progress	2,510,878	-	2,510,878	-
	\$ 8,202,535	3,152,499	2,510,878	8,844,157

See note 8 for a description of the related commitments for additional system upgrades and equipment purchases.

(5) Long-Term Debt

Long-term debt at December 31, 1999, was as follows:

\$1,000,000 Certificates of Indebtedness, Series 1996, due in annual installments of \$55,000 to \$90,000 through December 1, 2011, interest at 4.8% to 5.2%.	\$ 850,000
\$635,000 Certificates of Indebtedness, Series 1997, due in annual installments of \$35,000 to \$65,000 through December 1, 2011, interest at 5.0% to 5.95%.	575,000
\$6,800,000 Certificates of Indebtedness, Series 1998, due in annual installments of \$375,000 - \$645,000 through December 1, 2011, interest at 4.55% to 6.0%.	5,990,000
	\$ 7,415,000

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

December 31, 1999

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

	<u>Balance December 31, 1998</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance December 31, 1999</u>
Certificates of Indebtedness - 1996	\$ 900,000	-	50,000	850,000
Certificate of Indebtedness - 1997	605,000	-	30,000	575,000
Certificate of Indebtedness - 1998	<u>6,350,000</u>	<u>-</u>	<u>360,000</u>	<u>5,990,000</u>
	<u>\$ 7,855,000</u>	<u>-</u>	<u>440,000</u>	<u>7,415,000</u>

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 excess of annual revenues.

The annual requirements to amortize long-term debt as of December 31, 1999, including interest payments of \$2,663,856, are as follows:

<u>Years Ending December 31</u>	<u>Long-term Debt</u>
2000	\$ 842,821
2001	835,624
2002	837,329
2003	833,446
2004-2008	4,204,219
2009-2011	<u>2,525,417</u>
	<u>\$ 10,078,856</u>

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

December 31, 1999

(6) Contracted Services

Contracted services include payments for outside services such as telephone, 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, 1999, is as follows:

Telephone	\$ 535,421
Payments to the City of Shreveport	187,733
Equipment and property maintenance	108,227
Professional services	52,696
Utilities	45,112
Other	<u>73,784</u>
	\$ <u>1,002,973</u>

(7) Defined Benefit Pension Plan

Prior to September 30, 1999, all employees of the District were 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 enrollment of District employees. Enrollment was 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 71101.

Funding Policy - Covered employees were required to contribute 9% of their salary to the City Plan. The District was required to contribute 9.15% of covered employees' salaries through 1999. The employer and employee contribution obligations are established and may be amended by City ordinance.

The District's contributions to the City Plan for the years ended December 31, 1999, 1998, and 1997, were \$18,548, \$19,621, and \$15,019, respectively, equal to the required contribution for each year.

During 1999, the Board of the District approved a resolution creating a deferred compensation plan in accordance with the Internal Revenue Code Section 457 (Section 457 Plan). Effective September 30, 1999, all District employees withdrew from the City Plan and began contributing to the District's Section 457 Plan. Under Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, plans that meet the criteria in NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, should be reported as an expendable trust fund in the financial statements of the government. Because the District's Section 457 Plan does not meet this criteria, the

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

December 31, 1999

balances in assets and liabilities were not presented in the financial statements of the District. The District's contribution to the District's Section 457 Plan was \$5,189 for the year ended December 31, 1999.

(8) Commitments

In December 1997, the District entered into a contract for the purchase and installation of an 800 MHz trunked simulcast radio system. The new system will be divided into three phases and will allow direct interagency and intra-agency communications among the various public safety agencies at the state, parish, and municipal levels. The system has been designed to provide unit-to-unit, multi-agency, interagency communications and all equipment will be compatible with other 800 MHz trunked radio systems. During December 1999, Phase I of the contract commenced. The contract price is approximately \$6.7 million. At December 31, 1999, no payments have been made on this contract.

In February 2000, the District entered into a contract for the purchase of a parish-wide paging system for the Shreveport Fire Department and Caddo Fire Districts. The contract price is approximately \$316,000. Upon execution of the contract, approximately \$95,000 was paid.

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Required Supplementary Information

In Accordance with Louisiana Revised Statute 33:9101 E

Three years ended December 31, 1997, 1998 and 1999
(unaudited)

The District assesses a 9-1-1 surcharge fee for cellular and other wireless services. The assessment of the wireless 9-1-1 surcharge fee was approved to fund, along with other funding sources, a parishwide 800 MHz trunked radio system and other communication enhancements. The proposed radio system enhancements will cost the District approximately \$11,200,000. The project is in the implementation stage. The District is currently engaging in contract negotiations with the wireless service providers within Caddo Parish to ascertain the total costs associated with the implementation of Phase I of the FCC Order 94-102.

Total revenues derived from wireless service providers in Caddo Parish for the years ended December 31, 1997, 1998 and 1999 are as follows:

1997	\$ 146,850
1998	445,705
1999	<u>606,809</u>
Total revenues	\$ <u>1,199,364</u>

Total expenditures for the radio system enhancements for the years ended December 31, 1997, 1998 and 1999 are as follows:

1997	\$ 827,487
1998	258,183
1999	<u>428,069</u>
Total expenditures	\$ <u>1,513,739</u>



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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 Auditing Standards*

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

We have audited the financial statements of Caddo Parish Communications District Number One (the "District"), a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 1999, and have issued our report thereon dated March 3, 2000. 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 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 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 solely for the information and use of the members of the Board of Commissioners, management and the State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 3, 2000



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