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ST. TAMMANY PARISH COMMUNICATION DISTRICT NO. 1
ST. TAMMANY PARISH, LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

December 31, 1999

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 JUL 26 2000

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
St. Tammany Parish Communication District No. 1
St. Tammany Parish, Louisiana

We have audited the accompanying component unit financial statements of the St. Tammany Parish Communication District No. 1, a component unit of the St. Tammany Parish Police Jury, 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 *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 component unit financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Parish Communication District No. 1 as of December 31, 1999, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the component unit financial statements as a whole. The accompanying information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the St. Tammany Parish Communication District No. 1. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

In accordance with *Government Auditing Standards* we have also issued a report dated May 29, 2000, on our consideration of the St. St. Tammany Parish Communication District No. 1 internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts and grants.

Smith, Huval & Associates, L.L.C.

May 29, 2000

ST. TAMMANY PARISH COMMUNICATION DISTRICT NO.1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1999

	Governmental Fund Type	Account Group	Total (Memorandum Only)
	General Fund	General Fixed Assets	
ASSETS			
Cash	\$ 86,120	\$	\$ 86,120
Investments	903,351		903,351
Receivables	159,224		159,224
Prepaid expenses	2,613		2,613
Fixed assets		1,073,218	1,073,218
Total Assets	\$ 1,151,308	\$ 1,073,218	\$ 2,224,526
LIABILITIES			
Accounts payable	\$ 84,270	\$	\$ 84,270
Retirement payable	1,074		1,074
Total liabilities	85,344	-	85,344
FUND EQUITY			
Investment in general fixed assets		1,073,218	1,073,218
Unreserved fund balance	1,065,964		1,065,964
Total fund equity	1,065,964	1,073,218	2,139,182
Total Liabilities and Fund Equity	\$ 1,151,308	\$ 1,073,218	\$ 2,224,526

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH COMMUNICATION DISTRICT NO.1

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
-BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 1999

	General Fund		Variance- Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Line income	\$ 890,000	\$ 1,093,105	\$ 203,105
Investment earnings	29,000	25,367	(3,633)
Other		4,242	4,242
Total revenues	919,000	1,122,714	203,714
EXPENDITURES			
Salaries and wages	27,000	25,846	1,154
Payroll taxes and fringe benefits	4,500	2,172	2,328
Contract services	320,000	320,695	(695)
Telephone	290,000	301,437	(11,437)
Repairs and maintenance	22,800	26,190	(3,390)
Travel	37,210	16,587	20,623
Insurance	16,000	14,459	1,541
Professional fees	6,000	6,488	(488)
Utilities	6,800	6,476	324
Office expenses	4,000	3,882	118
Conferences and seminars	2,800	2,495	305
Advertising	500	228	272
Other	400	361	39
Capital outlay	639,100	533,218	105,882
Total expenditures	1,377,110	1,260,534	116,576
Deficiency of revenues over expenditures	\$ <u>(458,110)</u>	(137,820)	\$ <u>320,290</u>
FUND BALANCE - BEGINNING OF YEAR		<u>1,203,784</u>	
FUND BALANCE - END OF YEAR		\$ <u>1,065,964</u>	

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH COMMUNICATION DISTRICT NO. 1
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of the St. Tammany Parish Communication District No. 1 (the District) is to shorten the time required for a citizen to request and receive emergency aid. The district is mandated to take what ever actions are necessary to accomplish this task. The accounting and reporting policies of the District conform to generally accepted accounting principles applicable to government entities. The following is a summary of significant accounting policies:

1. Reporting Entity

The District was created in 1986 by Ordinance 687 of the St. Tammany Parish Police Jury. The District is governed by a Board of Commissioners which are appointed by the governing authority of St. Tammany Parish, Louisiana. The Board is composed of seven members who constitute the governing body of the District. Selection of Board Members is as follows: one member nominated by the Parish governing authority, one member nominated by the St. Tammany Sheriff's Office, one member nominated by the Parish hospitals, two members nominated by the Municipal Law Enforcement Agencies and two members nominated by the Fire Protection Districts. A chairman is elected by the Board members for a period of one year.

As the governing authority of the parish, for financial reporting purposes, the St. Tammany Parish Police Jury is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (police jury) (b) organizations for which the primary governments is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The District is a component unit of the Parish because the Police Jury appoints all members of the District and as such is financially accountable for the District. However, the Parish governing authority has elected to not report the District in its annual financial statements which is a departure from generally accepted accounting principles. The accompanying

ST. TAMMANY PARISH COMMUNICATION DISTRICT NO. 1
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Reporting Entity (continued)

financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

2. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid the financial management by segregating transactions relating to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long term debt. Governmental funds of the District include the following:

General Fund - the general operating fund of the District and accounts for all financial resources except those required to be accounted for in other funds.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance. The modified accrual basis of accounting is used by all governmental funds.

ST. TAMMANY PARISH COMMUNICATION DISTRICT NO. 1
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Accounting (continued)

Pursuant to LSA R.S. 33:9106 and Act 1029 of the 1999 Regular Session of the Louisiana Legislature, the District is authorized to collect \$0.85 per month per subscriber per device from wireless companies providing service within the District. Service charges are collected by the District on a monthly basis and are considered measurable at the month of collection. Accordingly, service charges incurred in December 1999 and remitted in January 2000 have been reported as a receivable.

4. Budgets and Budgetary Accounting

The District has adopted a budget for its General Fund. The budgetary practices include notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the District. Budgeted amounts in the accompanying financial statements include all amendments. All budgeted amounts which are not expended or obligated through contracts, lapse at year end. The District's budget is materially consistent with generally accepted accounting principles.

5. Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at their fair market value.

ST. TAMMANY PARISH COMMUNICATION DISTRICT NO. 1
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. General Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. The District did not own any fixed assets prior to December 31, 1998 other than the building noted below. All equipment is valued at historical costs. The District was given a building that serves as headquarters for the 911 operations. This building was built in the early 1980's and through a calculation using a square footage formula, a reasonable estimate of the building's value was calculated at \$540,000.

7. Total Column on Combined Statements

The total column on the combined statements - overview is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at December 31, 1999:

Demand deposits	<u>\$86,120</u>
-----------------	-----------------

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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 securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 1999, the District has \$86,371 in deposits (collected bank balances) which is entirely covered by federal deposit insurance.

ST. TAMMANY PARISH COMMUNICATION DISTRICT NO. 1
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE C - INVESTMENTS

At December 31, 1999, the District's investments consists of a debt obligation of a U.S. Government agency which matures in less than a year. This security is reported at its fair value of \$ 896,346 and is considered GASB Category 2.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 1999 consists of service charges due from telephone companies of \$159,224. These receivables are considered to be fully collectible.

NOTE E - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, <u>1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1999</u>
Equipment	\$ -	\$ 533,218	\$ -	\$ 533,218
Building	<u>540,000</u>	<u> </u>	<u>-</u>	<u>540,000</u>
Totals	<u>\$540,000</u>	<u>\$ 533,218</u>	<u>\$ -</u>	<u>\$1,073,218</u>

NOTE F - COMPENSATION PAID COMMISSIONERS

The Commissioners received no compensation from the District for the year ended December 31, 1999.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1999

NOTE G - PENSION PLAN

The District contributes to a cost-sharing, multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana (the "Plan"). The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan was established by the Louisiana legislature as of January 1, 1953, by act 205 of 1952. The system is administered by a Board of Trustees consisting of seven members. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Thomas B. Sims, CFA, Administrative Director, P.O. Box 14619, Baton Rouge, LA 70898-4619, or by calling 504-928-1361.

Any person who is a permanent employee of the District and works at least 28 hours a week is eligible to participate in the Plan. Members are entitled to a retirement benefit at or after age 60 with 10 years of creditable service, at age 55 with 25 years of creditable service, or at any age with 30 years of creditable service. The retirement benefit is generally 1% of the member's final compensation plus \$2 per month for each year of service credited prior to January 1, 1980, and 3% of final compensation for each year of service after that date.

State legislation has established the obligations of the District and the employees for contributions at 7.75% and 9.5% of covered salaries, respectively. The District's contributions to the plan for the years December 31, 1999 was \$2,302, equal to the required contributions for that year.

SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH COMMUNICATION DISTRICT NO. 1
ST. TAMMANY PARISH, LOUISIANA

SCHEDULE OF GOVERNING BOARD

December 31, 1999

<u>Board of Commissioners</u>	<u>Compensation</u>
Tom Buell 1870 US HWY 190 Mandeville, LA 70448 626-9711	\$ -0-
Nathan McCrimmon P.O. Box 628 Covington, LA 70434 893-4978	-0-
Earl Gorondonna 709 Gerard St. Mandeville, LA 70448 626-8671	-0-
Randy Piwetz 115 NorthPark Blvd Covington, LA 70433 892-5161	-0-
Jim Laurent P.O. Box 273 Lacombe, LA 70445 882-5108	-0-
Ben Morris 2112 Sgt. Alfred Dr. Slidell, LA 70458 646-4285	-0-
Marlin Peachey 806 Harmony Lane Mandeville, LA 70471 624-9683	-0-

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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 Board of Commissioners
St. Tammany Parish Communication District No. 1

We have audited the financial statements of the St. Tammany Parish Communication District No. 1 as of and for the years ended December 31, 1999 and have issued our report thereon dated May 29, 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.

As part of obtaining reasonable assurance about whether the St. Tammany Parish Communication District No. 1'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*.

In planning and performing our audit, we considered the St. Tammany Parish Communication District No. 1'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 the information of management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Huval & Associates, L.L.C.

May 29, 2000