

CAJODO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
 Shreveport, Louisiana

Notes to Financial Statements

(1) 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 these estimates.

(2) 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 unduly complex and difficult to read.

(3) Cash

At December 31, 1996, 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 \$1,996,171, and the bank balance was \$1,950,111.

(4) Investments

At December 31, 1996, investments held are as follows:

	Carrying Amount	Market Value
U.S. Treasury bills held by Federal Reserve Bank for the account of the District and recorded by the financial institution as purchased by the District (Category 1)	\$ 1,976,001	1,976,001

Category 1 investments are insured or registered, or are securities held by the District or its agents in the District's name.

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CAJODO PARISH COMMUNICATIONS
DISTRICT NUMBER ONE
Slidreport, Louisiana

Annual Financial Report

Year ended December 31, 1985

(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 auditor, or reviewed, and/or 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.

Printing Date April 22, 1986 4

KPMG Peat Marwick LLP

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200 South Tower
Birmingham, GA 30004-0000

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"), component unit of the Caddo Parish Commission, as of and for the year ended December 31, 1998. 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 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 aspects, the financial position of the District as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 25, 1997, on our consideration of the District's internal control structure and a report dated April 25, 1997, on its compliance with laws and regulations.

KPMG Peat Marwick LLP

April 25, 1997

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Combined Balance Sheet - General Fund and Accounts Group

December 31, 1996
(with comparative totals for December 31, 1995)

Assets	General Fund	General Fund Accounts Group	General Long-Term Fund Accounts Group	Totals (Non-Governmental Only)	
				1996	1995
Cash (note 2)	\$ 1,911,224	—	—	1,911,224	3,036,276
Prepayments (note 3)	6,476,921	—	—	6,476,921	—
Accounts receivable	176,566	—	—	176,566	142,378
Prepaid expenses	3,134	—	—	3,134	—
Fixed assets (note 4)	—	3,688,029	—	3,688,029	3,473,500
Amount to be provided for retirement of long-term debt	—	—	1,800,000	1,800,000	—
Total assets	\$ 4,167,845	3,688,029	1,800,000	8,655,874	6,754,874
Liabilities and Fund Equity and Other Credits					
Liabilities:					
Accounts payable	\$ 92,557	—	—	92,557	74,365
Certificates of indebtedness (note 7)	—	—	1,800,000	1,800,000	—
Total liabilities	92,557	—	1,800,000	1,892,557	74,365
Fund equity and other credits:					
Investments in general fixed assets	—	3,688,029	—	3,688,029	3,473,500
Fund balance - unreserved:					
Designated for system replacements	1,053,418	—	—	1,053,418	863,880
Undesignated	3,021,430	—	—	3,021,430	2,546,288
Total fund equity and other credits	4,074,848	3,688,029	—	7,762,877	6,879,668
Commitments (note 8)	—	—	—	—	—
Total liabilities, fund equity, and other credits	\$ 4,167,845	3,688,029	1,800,000	8,655,874	6,754,874

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, 1996
 (with comparative totals for the year ended December 31, 1995)

	1996	1995
Revenues:		
Telephone tariffs	\$ 1,349,844	1,529,270
Miscellaneous	7,892	7,256
Total revenues	<u>1,357,736</u>	<u>1,536,526</u>
Expenditures:		
Current:		
Personal services (note 7)	199,924	157,028
Materials and supplies	18,322	15,074
Contracted services (note 8)	382,621	794,398
Capital outlay:		
System enhancements	364,681	10,230
Sewer deposits (note 8)	905,872	—
Total expenditures	<u>1,857,400</u>	<u>916,630</u>
Excess (deficiency) of revenues over expenditures	(500,664)	619,896
Other financing sources:		
Interest income	144,244	187,677
Proceeds of certificates of indebtedness	1,008,000	—
Total other financing sources	<u>1,144,244</u>	<u>187,677</u>
Excess of revenues and other financing sources over expenditures	643,580	727,514
Fund balance at beginning of year	2,284,188	2,476,879
Fund balance at end of year	\$ <u>4,076,848</u>	<u>3,204,393</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, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Telephony tariffs	\$ 1,502,728	1,549,644	47,116
Miscellaneous	7,892	7,892	—
Total revenues:	<u>1,510,620</u>	<u>1,557,536</u>	<u>47,116</u>
Expenditures:			
Current:			
Personnel services	178,514	159,694	18,790
Materials and supplies	33,000	18,322	14,678
Contracted services	780,171	782,821	(2,350)
Easement deposit	904,000	903,872	128
Capital outlay - system enhancements	439,700	364,881	75,019
Total expenditures	<u>1,935,385</u>	<u>1,829,570</u>	<u>105,865</u>
Excess (deficiency) of revenues over expenditures	<u>575,235</u>	<u>727,966</u>	<u>152,731</u>
Other financing sources:			
Interest income	140,694	144,244	3,590
Proceeds of certificates of indebtedness	—	1,000,000	1,000,000
Total other financing sources	<u>140,694</u>	<u>1,144,244</u>	<u>1,003,590</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(83,871)</u>	<u>872,660</u>	<u>1,156,531</u>
Fund balance at beginning of year	<u>3,304,188</u>	<u>3,304,188</u>	<u>—</u>
Fund balance at end of year	<u>\$ 3,220,317</u>	<u>4,076,848</u>	<u>1,156,531</u>

See accompanying notes to financial statements.

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
 Shreveport, Louisiana

Notes to Financial Statements

December 31, 1996

(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 Statutes 33:9103. The District is composed 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 first-dial emergency telephone number (911) and related support system for Caddo Parish.

Reporting Entity

The basic criteria 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/ouster 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 most 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 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.

(Continued)

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

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 basis where the focus is upon discrimination 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 basis 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 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.

(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.

(Continued)

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

(7) Investments

Investments are stated at cost, which approximates market. 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 at 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.

(8) 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 revenues and other financing sources and disbursements (expenditures and other financing uses) in net current assets. Accordingly, the General Fund is not presented as 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. Infrastructure is not capitalized in the General Fixed Assets Account Group.

(9) 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 two percent of its tariff 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 tariff revenue for this purpose.

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

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

The changes in general fixed assets are as follows:

	Balance January 1, 1995	Additions	Deductions	Balance December 31, 1995
Land	\$ 364,435	77,740	—	442,175
Building	1,472,691	—	—	1,472,691
Equipment	1,538,379	11,415	—	1,549,794
Construction in progress	—	123,362	—	123,362
	\$ <u>3,475,505</u>	<u>212,517</u>	<u>—</u>	<u>3,688,022</u>

(5) **Long-Term Debt**

Long-term debt at December 31, 1995, was as follows:

\$1,000,000 Certificate of Indebtedness, Series 1995, due in annual installments of \$50,000 to \$50,000 through December 1, 2001, interest at 4.8% to 5.2%.	<u>\$ 1,000,000</u>
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A summary of changes in general long-term obligation follows:

	Balance December 31, 1995	Increases	Balance December 31, 1995
Certificate of Indebtedness	\$ —	<u>1,000,000</u>	<u>1,000,000</u>

(Continued)

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

The annual requirements to amortize long-term debt as of December 31, 1996, including interest payments of \$458,054 are as follows:

Years Ending December 31	Long-term Debt
1997	\$ 97,710
1998	98,877
1999	95,727
2000	98,127
2001	93,660
2002-2006	482,000
2007-2011	<u>481,144</u>
	\$ 1,458,054

(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 District. A summary of contracted services at December 31, 1996, is as follows:

Telephone	\$ 236,634
Payments to the City of Shreveport	148,800
Equipment and property maintenance	133,155
Professional services	145,129
Utilities	31,915
Other	<u>90,981</u>
	\$ 782,621

(7) Defined Benefit Pension Plan

In 1995, the District adopted the provisions of Governmental Accounting Standards Board No. 27, *Accounting for Pensions by State and Local Governmental Employers* (GAAP 27). This statement sets forth standards for the measurement, recognition, and display of pension expenditures, assets and related liabilities, assets, note disclosures, and required supplementary information.

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CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
Shreveport, Louisiana

Notes to Financial Statements

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 continuation 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, 1230 Texas Avenue, Shreveport, Louisiana 71101.

Funding Policy - Concord employees are required to contribute 9% of their salary to the City Plan. The District is required to contribute 9.15% of concord employees' salaries through 1996. The employee and employer contribution obligations are established and may be amended by City ordinance.

The District's contributions for the years ending December 31, 1996, 1999, and 1994, were \$8,544, \$8,312, and \$9,041, respectively, equal to the required contribution for each year. In accordance with GASB 27, the pension liability was determined to be zero. Prior to adoption of GASB 27, the District did not report a pension liability for the City Plan.

(8) Commitments

Construction in progress at December 31, 1996, consisted of one project for the expansion of the District's Communications Center. The project is expected to cost approximately \$2,289,500. At December 31, 1996, \$2,186,138 remains on the contract.

The District entered into a contract to purchase a fully operational Data Communications System for an integrated public safety data communications system which consists of a parishwide Computer Assisted Dispatch, Records Management System, a Tactical Map Display System, and communications console facilities. The contract price is approximately \$2,300,000. Upon execution of the contract, the District deposited \$50,872 in an escrow account which would be transferred to the vendor upon the District's acceptance of a Statement of Work.

On September 5, 1996, the District entered into a contract with the Caddo Parish Tax Assessor, the City of Shreveport, the Shreveport/Caddo Metropolitan Planning Commission and the Northwest Louisiana Council of Governments for the formation of a Regional Geographical Information System. The total contract price is \$753,375, of which the District's share is \$115,332. At December 31, 1996, the District had made \$13,350 in payments, with a remaining commitment under the contract of \$100,882.

KPMG Peat Marwick LLP

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Newport, LA 70070-1000

1000 CT NATIONAL CENTER
NEWPORT LA 70070-1000

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN ALERT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS

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

We have audited the 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, 1996, and have issued our report thereon dated April 25, 1997.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the District is responsible for establishing and maintaining an internal control system. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the District for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not

reduce to a relatively low level the risk that errors and irregularities 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 structure and its operations that we consider to be material weaknesses as defined above.

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.

DMC Paul Amick III

April 25, 1997

KPMG Peat Marwick LLP

1600 Commercial New York Tower
133 Texas Street
Shreveport, LA 71201-3002

1999 ASSURANCE
STATEMENT
\$7,000,000 04/29/99

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS

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

We have audited the 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, 1998, and have issued our report thereon dated April 25, 1999.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Compliance with laws, regulations, contracts, and grants applicable to the District is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our test disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

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 25, 1999

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
 Shreveport, Louisiana

Notes to Financial Statements

- (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 in 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, 1996.
- (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 telephone tariff collected by two area telephone companies. Prior to August 1, 1995, a surcharge of \$.66 and \$1.82 was charged to residential and commercial line customers, respectively, on their monthly telephone bills. Effective August 1, 1995, the Louisiana Public Service Commission increased the tariffs on which the rates were based. The new rates, as of August 1, 1995, are \$.82 and \$1.88, 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 enhancement, (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 amounts due from cellular customers after the new legislation became effective equals the amounts collected from cellular customers prior to the clarifying legislation, which is estimated to be July 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. Until 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, 1996.

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