

4197

RECEIVED
LEGISLATIVE AUDITOR
04 MAY -3 AM 11:10

**LAFAYETTE PARISH
COMMUNICATION DISTRICT**

**FINANCIAL REPORT AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED OCTOBER 31, 2003

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 5.5.04

LAFAYETTE PARISH COMMUNICATION DISTRICT

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-9
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Assets	10
Statement of Activities	11
FUND FINANCIAL STATEMENTS (FFS)	
GOVERNMENTAL FUNDS	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Balance Governmental Funds to the Statement of Activities	15
PROPRIETARY FUND	
Statement of Net Assets	16
Statement of Revenues, Expenses and Changes in Net Assets	17
Statement of Cash Flows	18
Notes to Financial Statements	19-29
REQUIRED SUPPLEMENTARY INFORMATION	
ENTERPRISE FUND:	
Statement of Revenues, Expenses and Changes in Net Assets - Budget (GAAP Basis) and Actual	30-31
OTHER SUPPLEMENTARY INFORMATION	
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
GOVERNMENTAL FUNDS:	
Combining Financial Statements – Non-Major Governmental Funds:	
Combining Balance Sheet	32
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	33-34
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual:	
Communications System Management Special Revenue Fund	35
Office of Homeland Security and Emergency Preparedness Special Revenue Fund	36
Schedule of Wireless E911 Revenues and Expenditures	37

COMPLIANCE AND INTERNAL CONTROL

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....38

Schedule of Findings and Questioned Costs39

Schedule of Prior Year Findings40

Management's Corrective Action Plan41

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants

100 Petroleum Drive, 70508

P. O. Box 80569 • Lafayette, Louisiana 70598-0569

(337) 232-3637 • FAX (337) 235-8557

www.wmddh.com

JOHN W. WRIGHT, CPA*
M. TROY MOORE, CPA*
JAMES H. DUPUIS, CPA, CFP*
JOE D. HUTCHINSON, CPA*
JAN H. COWEN, CPA*
LANCE E. CRAPPELL, CPA*
PAT BAHAM DOUGHT, CPA*
MICAH R. VIDRINE, CPA*
TRAVIS M. BRINSKO, CPA*

CHRISTINE R. DUNN, CPA
RICK STUTES, CPA, CVA
ANDRÉ D. BROUSSARD, CPA
MARY PATRICIA KEELEY, CPA
KRISTIE C. BOUDREAUX, CPA
KELLEY D. HAWKINS, CPA
BRIDGET B. TILLEY, CPA, MT
DAMIAN H. SPIESS, CPA, CFP
TASHA A. RALEY, CPA

* A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT

RETIRED

MICHAEL G. DeHART, CPA, CVA, MBA*

To the Board of Commissioners
Lafayette Parish Communication District
Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, the major fund, and the aggregate remaining fund information of the Lafayette Parish Communication District, as of and for the year then ended October 31, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lafayette Parish Communication District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. 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 respective financial position of the governmental activities business-type activities, major fund, and the aggregate remaining fund information of the Lafayette Parish Communication District, as of October 31, 2003, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Lafayette Parish Communication District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, as of October 31, 2003.

In accordance with Government Auditing Standards, we have also issued a report dated January 16, 2004 on our consideration of the Lafayette Parish Communication District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That 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.

WMDDH

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 30 through 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods for measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Parish Communication District's basic financial statements. The introductory section, and the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

January 16, 2004

Lafayette Parish Communications District
Lafayette, Louisiana

Management's Discussion and Analysis

Within this section of the Lafayette Parish Communication District's (the District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended October 31, 2003. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The District's assets exceed its liabilities by \$5,279,815 and \$58,111 (net assets) for its business-type and governmental activities, respectively, for the fiscal year reported.

Total net assets are comprised of the following:

- Capital assets, net of related debt, of \$1,571,816 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of capital assets. The District had no outstanding debt relating to its capital assets at fiscal year end.
- Unrestricted net assets of \$3,766,110 represent the portion available to maintain the District's continuing obligations to citizens and creditors.

By the nature of the District's agreement with the Parish and City of Lafayette, its governmental funds report no fund balance at the end of the fiscal period. Rather, any excess funding is reimbursed to the respective governmental body and recorded as a liability in the fund financial statements. The District's proprietary fund reported total ending net assets of \$5,279,815 this year. This compares to the prior year ending net assets of \$4,652,602 showing an increase of \$627,213 during the current year.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) required supplementary information. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2004.

Government-Wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the

Lafayette Parish Communications District
Lafayette, Louisiana

Management's Discussion and Analysis

Government-Wide Financial Statements - Continued

private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on specific revenues.

Both of the Government-wide Financial Statements distinguish functions of the District that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through charges (business-type activities).

The governmental activities of the District include public safety operations in maintaining The Office of Homeland Security and Emergency Preparedness and the administration of the City of Lafayette's 800 Megahertz Radio System. Both of these funds are special revenue funds.

Included in the business-type activities are charges to telephone companies for the operations of the local emergency telephone response service for the Parish of Lafayette.

The government-wide financial statements are presented on pages 10 and 11 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Lafayette Parish Communications District
Lafayette, Louisiana

Management's Discussion and Analysis

Governmental Funds – Continued - Because the focus of governmental funds is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintained two individual governmental funds, both are special revenue funds. Information is presented in total in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The combining statements of the two funds are presented as supplementary information. The funds are the Communications System Management Fund and the Office of Homeland Security and Emergency Preparedness Fund.

The basic governmental fund financial statements are presented on pages 12- 15 of this report.

Proprietary Fund – When the District receives 911 surcharges from the various telephone service providers for use in providing 911 emergency service, these services are generally reported in a proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise fund (the "911" Fund) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for the proprietary fund. The "911" Fund is considered by the District to be its major fund. The Proprietary Fund financial statements are presented on pages 16 – 18 of this report.

Notes to the basic financial statements:

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information concerning the District's budget presentations. Budgetary comparison statements are included as "other required supplementary information" for the proprietary fund and as "other supplementary information" for the special revenue funds. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. This information begins on page 30 of this report.

Lafayette Parish Communications District
Lafayette, Louisiana

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District implemented the new financial reporting model used in this report beginning with the current fiscal year ended October 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole. The District's net assets at fiscal year-end are \$5,337,926. The following table provides a summary of the District's net assets:

Summary of Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
Current and other assets	\$ 100,218	\$ 3,892,176	\$3,992,394
Capital assets	<u>61,579</u>	<u>1,510,237</u>	<u>1,571,816</u>
Total assets	<u>161,797</u>	<u>5,402,413</u>	<u>5,564,210</u>
Current liabilities	100,218	95,035	195,253
Non-current liabilities	<u>3,468</u>	<u>27,563</u>	<u>31,031</u>
Total liabilities	<u>103,686</u>	<u>122,598</u>	<u>226,284</u>
 Net assets:			
Invested in capital assets	61,579	1,510,237	1,571,816
Unrestricted (deficit)	<u>(3,468)</u>	<u>3,769,578</u>	<u>3,766,110</u>
Total net assets	<u>\$ 58,111</u>	<u>\$ 5,279,815</u>	<u>\$5,337,926</u>

The deficit in unrestricted governmental net assets arose primarily because of the recordation of compensated absences into the statement of net assets. By the nature of the governmental funds, any excess of revenues over expenditures at the fund level is reimbursed to the City/Parish Government and the funds have no fund balance, however compensated absences do not factor into this calculation.

The net assets of our business-type activities increased by \$627,213 or 13.48% in 2003. This is due to a small increase in operating revenues and a reduction in operating expenses during the current year.

Since this is the first year in which governmental-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the District's changes in net assets:

Lafayette Parish Communications District
Lafayette, Louisiana

Management's Discussion and Analysis

Summary of Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
Revenues			
Program revenues:			
Charges for services	\$ -	\$ 2,722,136	\$ 2,722,136
Operating grants	288,794	-	288,794
General revenues:			
Investment earnings	5,860	94,781	100,641
Loss on disposal of assets	(525)	(1,464)	(1,989)
Other general revenues	-	8,334	8,334
Total revenues	<u>294,129</u>	<u>2,823,787</u>	<u>3,117,916</u>
Program expenses:			
Public Safety	251,151	2,194,654	2,445,805
Interest on long-term debt	-	1,920	1,920
Total expenses	<u>251,151</u>	<u>2,196,574</u>	<u>2,447,725</u>
Increase in net assets	<u>\$ 42,978</u>	<u>\$ 627,213</u>	<u>\$ 670,191</u>

Governmental Activities:

The governmental funds of the District are funded in the most part by appropriations from the City and Parish of Lafayette governments. As previously discussed, any excess of revenues over expenditures in these funds is required to be reimbursed to the respective government in the subsequent year. The only function of the District is public safety activities. Of the total costs of governmental activities, repairs and maintenance represents 29.3% and payroll and benefits represents 28.5%.

Business-type Activities:

The majority of revenues in the District's business type activities come from telephone taxes collected by and received from the different telephone service providers that operate in the parish. In addition, the District also earns interest on its investments. The largest expenses of the business-type activity are salaries and benefits, which represent 34.1% of the total expenses for 2003. In addition, depreciation on capital assets represents 32.5% of the total.

Lafayette Parish Communications District
Lafayette, Louisiana

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds:

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Due to the nature of the District's governmental funds, they do not carry over a fund balance, rather the amounts are reported as a liability to the appropriate funding authority.

Proprietary Fund:

The major fund of the District is its Proprietary Fund (the "911" fund). This fund operates as the general fund of the District. The major revenue source of this fund is telephone taxes collected by and received from the different telephone service providers in the area. It is the largest source of day-to-day service delivery. The 911 Fund's net assets increased \$627,213 from the prior year largely due to the increase in the number of service providers and corresponding telephone tax revenue.

Operating expenditures were approximately \$2.2 million, which represents a 4.7% decrease from 2002. This was mainly attributable to a decrease in depreciation expense from the prior year of \$119,260.

BUDGETARY HIGHLIGHTS

Proprietary Fund

The Proprietary Fund's original budget was based on the actual amounts reported in fiscal year 2002. However, the final budget remained virtually unchanged with a slight 3% decrease in expenses. The decrease was due mainly to a reduction in the estimated costs of engineering services expected to be performed during 2003.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of October 31, 2003, was \$1,571,816. See Note H for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

Lafayette Parish Communications District
Lafayette, Louisiana

Management's Discussion and Analysis

**Capital Assets at Year-end
Net of Depreciation**

	Governmental Activities	Business-type Activities	Totals
Building and Improvements	\$ -	\$ 330,380	\$ 330,380
Furniture and Equipment	61,579	786,165	847,744
Totals	\$ 61,579	\$ 1,116,545	\$ 1,178,124

During the current year, the major addition to the building and improvements category was \$142,495 for the site improvement project that was included in construction in progress in the previous fiscal year. The District also added a \$114,751 "911" call recording system to its equipment during the current year. In addition, the development of the website was complete at a cost of \$38,133.

At October 31, 2003, the depreciable capital assets for governmental activities were 82% depreciated versus 94% for the prior year. For business-type activities, depreciable capital assets were 82% depreciated versus 75% for the prior year. This indicator suggests that governmental activities assets are being replaced at the same rate that they are being depreciated, however, business-type assets are not.

Long-Term Debt

At the end of the fiscal year, the District's only long term debt was accrued compensated absences. During the current fiscal year, the District paid out the capital lease obligation in the amount of \$204,241. See Note M for additional information regarding long-term debt.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact William Vincent, Director, Lafayette Parish Communication District, Post Office Box 82236, Lafayette, Louisiana 70598.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF NET ASSETS
OCTOBER 31, 2003**

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets			
Cash	\$ 93,522	\$ 3,684,247	\$ 3,777,769
Telephone Tax Receivable		186,598	186,598
Accounts Receivable	1,226	-	1,226
Prepaid Maintenance Contract	-	1,424	1,424
Prepaid Lease	-	19,907	19,907
Due from State of Louisiana	5,470	-	5,470
Total Current Assets	100,218	3,892,176	3,992,394
Noncurrent Assets:			
Property and Equipment (Net)	61,579	1,116,545	1,178,124
Construction in Progress	-	393,692	393,692
Total Noncurrent Assets	61,579	1,510,237	1,571,816
TOTAL ASSETS	\$ 161,797	\$ 5,402,413	\$ 5,564,210

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF NET ASSETS
OCTOBER 31, 2003**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 5,528	\$ 82,105	\$ 87,633
Salaries Payable	1,208	12,930	14,138
Due to City/Parish of Lafayette	68,730	-	68,730
Deferred Revenue	24,752	-	24,752
Total Current Liabilities	<u>100,218</u>	<u>95,035</u>	<u>195,253</u>
Noncurrent Liabilities			
Accrued Compensated Absences	<u>3,468</u>	<u>27,563</u>	<u>31,031</u>
Total Noncurrent Liabilities	<u>3,468</u>	<u>27,563</u>	<u>31,031</u>
TOTAL LIABILITIES	<u>103,686</u>	<u>122,598</u>	<u>226,284</u>
NET ASSETS			
Invested in Capital Assets	61,579	1,510,237	1,571,816
Unrestricted (Deficit)	<u>(3,468)</u>	<u>3,769,578</u>	<u>3,766,110</u>
TOTAL NET ASSETS	<u>58,111</u>	<u>5,279,815</u>	<u>5,337,926</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 161,797</u>	<u>\$ 5,402,413</u>	<u>\$ 5,564,210</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2003

	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Operating Grants and Contributions	Primary Government		
			Governmental Activities	Business-type Activities	
				Total	
Governmental Activities					
Public Safety	\$ 251,151	\$ -	\$ 288,794	\$ -	\$ 37,643
Total Governmental Activities	251,151	288,794	37,643	-	37,643
Business-type Activities					
Public Safety	2,194,654	2,722,136	-	527,482	527,482
Interest on Long-Term Debt	1,920	-	-	(1,920)	(1,920)
Total Business-Type Activities	2,196,574	2,722,136	-	525,562	525,562
Total Primary Government	\$2,447,725	\$ 2,722,136	\$ 37,643	\$ 525,562	\$ 563,205
General Revenues:					
(Loss) on sale/retirement of capital assets			(525)	(1,464)	(1,989)
Investment Earnings			5,860	94,781	100,641
Other General Revenues			-	8,334	8,334
Total General Revenues			5,335	101,651	106,986
Change in Net Assets			42,978	627,213	670,191
Net Assets-Beginning, As Adjusted			15,133	4,652,602	4,667,735
Net Assets-Ending			\$ 58,111	\$ 5,279,815	\$ 5,337,926

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

FUND FINANCIAL STATEMENTS

LAFAYETTE PARISH COMMUNICATION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

OCTOBER 31, 2003

ASSETS

Cash	\$ 93,522
Accounts Receivable	1,226
Due From State of Louisiana	<u>5,470</u>

TOTAL ASSETS	<u>\$ 100,218</u>
--------------	-------------------

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts Payable	5,528
Salaries Payable	1,208
Due to City/Parish of Lafayette	68,730
Deferred Revenue	<u>24,752</u>

TOTAL LIABILITIES	100,218
-------------------	---------

FUND BALANCE

TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 100,218</u>
-----------------------------------	-------------------

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

OCTOBER 31, 2003

Total Governmental Fund Balances	\$	-
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		61,579
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		<u>(3,468)</u>
<i>Net Assets of Governmental Activities</i>	\$	<u>58,111</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED OCTOBER 31, 2003**

REVENUE

Government Appropriations	\$ 357,524
Interest Earnings	5,860
Total Revenue	<u>363,384</u>

EXPENDITURES

Current:

Dues and Licenses	790
Duplicating Expense	1,866
Insurance	15,454
Miscellaneous	2,230
Postage	322
Professional Fees	1,206
Repairs and Maintenance	73,496
Retirement and Medicare	5,482
Salaries	65,019
Supplies and Materials	9,100
Telecommunications	33,953
Tower Rentals	17,416
Training	6,426
Transportation	4,382
Utilities	4,592

Capital Outlay:

Equipment	<u>52,920</u>
Total Expenditures	<u>294,654</u>

EXCESS OF REVENUES OVER EXPENDITURES	<u>68,730</u>
--------------------------------------	---------------

OTHER FINANCING USES

Reimbursement of Excess Funds: City/Parish of Lafayette	<u>(68,730)</u>
--	-----------------

EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	<u>-</u>
---	----------

FUND BALANCE, BEGINNING	<u>-</u>
-------------------------	----------

FUND BALANCE, ENDING	<u>\$ -</u>
----------------------	-------------

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2003

Net Change in Fund Balance - Total Governmental Funds \$ -

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which capital outlay
exceeded depreciation in the current period. 44,703

Governmental funds only report the disposal of assets to the
extent proceeds are received from the sale. In the Statement
of Activities, a gain or loss is reported for each disposal.
This is the amount of the difference between the proceeds of \$-0-
and the loss on disposal of assets of \$525. (525)

Some expense reported in the Statement of Activities, such
as compensated absences, do not require the use of
current financial resources and therefore are not reported
as expenditures in governmental funds. (1,200)

Change in Net Assets of Governmental Activities \$ 42,978

LAFAYETTE PARISH COMMUNICATIONS DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUND - "911" FUND
OCTOBER 31, 2003

ASSETS

CURRENT ASSETS

Cash	\$ 3,684,247
Telephone Tax Receivable	186,598
Prepaid Maintenance Contract	1,424
Prepaid Lease	<u>19,907</u>
Total Current Assets	<u>3,892,176</u>

PROPERTY AND EQUIPMENT

Building and Improvements	462,050
Furniture and Equipment	5,753,665
Construction in Progress	<u>393,692</u>
Total	6,609,407
Less: Accumulated Depreciation	<u>(5,099,170)</u>
Net Property and Equipment	<u>1,510,237</u>

TOTAL ASSETS \$ 5,402,413

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 82,105
Salaries Payable	<u>12,930</u>
Total Current Liabilities	95,035

NON-CURRENT LIABILITIES

Accrued Compensated Absences	<u>27,563</u>
------------------------------	---------------

TOTAL LIABILITIES 122,598

NET ASSETS

Invested in Capital Assets	1,510,237
Unrestricted	<u>3,769,578</u>

TOTAL NET ASSETS 5,279,815

TOTAL LIABILITIES AND NET ASSETS \$ 5,402,413

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND - "911" FUND
 FOR THE YEAR ENDED OCTOBER 31, 2003**

OPERATING REVENUE	
Telephone Tax	<u>\$ 2,722,136</u>
OPERATING EXPENSES	
Contractual Services	2,590
Depreciation	712,643
Dues and Subscriptions	310
Duplicating Expense	811
Engineering Services	1,064
Insurance	113,675
Land Lease	253
Miscellaneous	6,360
Office and Postage	977
Printing	760
Professional Fees	26,001
Publication and Recordings	2,119
Repairs and Maintenance	67,874
Retirement and Medicare	61,127
Salaries	688,209
Supplies and Materials	33,297
Telecommunications	447,308
Training	24,862
Transportation	2,864
Travel and Meetings	605
Uniforms	798
Utilities	147
Total Operating Expenses	<u>2,194,654</u>
OPERATING INCOME	<u>527,482</u>
NON-OPERATING REVENUES (EXPENSES)	
Miscellaneous Revenue	8,334
Interest Earnings	94,781
Interest Expense	(1,920)
Loss on Fixed Asset Disposal	(1,464)
Total Non-Operating Revenues (Expenses)	<u>99,731</u>
INCREASE IN NET ASSETS	627,213
NET ASSETS, BEGINNING	<u>4,652,602</u>
NET ASSETS, ENDING	<u>\$ 5,279,815</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND - "911" FUND
FOR THE YEAR ENDED OCTOBER 31, 2003**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Providing Services	\$ 2,753,601
Cash Paid to Suppliers	(759,237)
Cash paid to Employees	<u>(701,609)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,292,755</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	(476,944)
Interest on Investments	<u>94,781</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(382,163)</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Interest Paid	(11,519)
Principal Payment on Capital Lease Obligations	<u>(204,241)</u>
NET CASH USED IN CAPITAL AND FINANCING ACTIVITIES	<u>(215,760)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	694,832
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,989,415</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,684,247</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH BY OPERATING ACTIVITIES:	
Operating Income	\$ 527,482
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	712,643
Land Lease Amortization	253
Miscellaneous Revenue	8,334
Changes in Assets and Liabilities:	
Telephone Tax Receivable	23,131
Prepaid Expenses	5,695
Accounts Payable	28,719
Salaries Payable	(21,097)
Due to Other Funds	(83)
Due to Others	(19)
Accrued Compensated Absences	<u>7,697</u>
Net Cash Provided by Operating Activities	<u>\$ 1,292,755</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2003

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The Lafayette Parish Communication District consists of the "911" Fund, the Office of Homeland Security and Emergency Preparedness Fund and The Communication System Management Fund.

The "911" Fund was created by House Bill No. 480, Act No. 788 and signed into law July 18, 1979 for the purpose of establishing a local emergency telephone response service for Lafayette Parish.

The Office of Homeland Security and Emergency Preparedness Fund (OEP) was consolidated with the Lafayette Parish Communication District on November 1, 1984. Funding for OEP is provided by the State of Louisiana Office of Homeland Security and Emergency Preparedness, the City of Lafayette and the Parish of Lafayette. Any revenues in excess of expenditures are refunded proportionately to the City and Parish of Lafayette at the end of each fiscal year.

The Communication System Management Fund (CSMF) was established on November 1, 1986 to administer the City of Lafayette's 800 Megahertz Radio System. CSMF charges the Lafayette Utilities System and surrounding communities a rental fee for radio tower usage. The City of Lafayette reimburses CSMF for excess expenditures over revenues received from tower rentals.

The accounting and reporting policies of the Lafayette Parish Communication District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the industry audit guide, Audits of State and Local Governmental Units. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The District also has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds and has elected to do so.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*. Certain of these significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement the general provisions of the Statement in the current year.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2003

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following is a summary of certain significant accounting policies:

Financial Reporting Entity - The "911" Fund, the Office of Homeland Security and Emergency Preparedness Fund and the Communication System Management Fund are presented with the Lafayette Parish Communication District in this report.

Basis of Presentation - The accompanying basic financial statements of the Lafayette Parish Communication District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS) - The financial transactions of the Lafayette Parish Communication District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses or expenditures. The various funds are reported by generic classification within the financial statements.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following fund types are used by the Lafayette Parish Communication District:

Governmental Funds -

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Fund -

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:

Enterprise Fund - This type of fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing emergency telephone response services to the general public on a continuing basis is financed through user charges.

The District applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual fund type is at least ten percent of the corresponding total for all of that fund type. Non-major funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The Proprietary Fund - "911" Fund is the operating fund of the District and is the only fund to be considered a major fund.

Measurement Focus/Basis of Accounting - Measurement focus refers to what is being measured; 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 measurement made, regardless of the measurement focus applied.

Accrual

Governmental activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The proprietary fund type is accounted for on a cost of service measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Modified Accrual

The governmental funds financial statements are presented on 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 within 60 days after year-end. Intergovernmental revenues and fees, charges and commissions for services are recorded when the District is entitled to the funds. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, if measurable.

Budgets and Budgetary Accounting - The Lafayette Parish Communication District is required to adopt annual budgets for each fund. Each budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles ("GAAP").

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a. Each year, prior to November 1, the District prepares a budget for the next succeeding fiscal year and submits it to the Board of Commissioners. The operating budget includes proposed expenditures and the means of financing them.
- b. The Lafayette Parish Communication District adopts the budget by a resolution of the Board of Commissioners.
- c. The budget must be revised and approved by the Commissioners for any increase in budgetary expenditures.
- d. All budgetary appropriations lapse at the end of each fiscal year.

Cash and Interest-Bearing Deposits - Cash and interest-bearing deposits are stated at cost, which approximates market.

Deferred Revenue - Deferred revenue in the Communication System Management Fund represents rental fees for future radio tower usage. Rental revenue is recognized on a pro-rata basis as radio tower service is provided.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated cost if historical cost is not available. The District's capitalization policy matches that of the City/Parish of Lafayette, its fiscal agent. Contributed assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building improvements	20 years
Vehicles	5 years
Equipment and Furniture	5 -10 years

Compensated Absences - Annual leave is a paid leave of absence from regularly scheduled work hours granted to regular employees for the purpose of rest and recreation or to attend to personal affairs. Annual leave is earned by all regular full and part-time employees based on their years of service ranging from eight to sixteen hours per month beginning after six months of service. Excess leave shall be added to the employee's sick leave balance. Sick leave is earned by all full-time employees at the rate of eight hours per month and part-time employees at a pro-rata amount based on their usual work schedule for each completed month of employment.

Sick leave is carried forward from year to year. An employee shall be paid for all accumulated hours of sick leave at their regular rate of pay upon retirement or death and will not be paid upon any other type of separation from service. In accordance with Government Accounting Standards Board-16, no accrual is made for paid sick leave earned.

On October 31, 2003, accrued compensated absences in the "911" Fund amounted to \$27,563. The portion of accrued compensated absences attributed to the Office of Homeland Security and Emergency Preparedness Fund amounted to \$3,468 on October 31, 2003. All accruals are for annual leave.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Transactions – Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Restricted Net Assets - For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

- a. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- b. Imposed by law through constitutional provisions or enabling legislation.

The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

Fund Equity - Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

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

(B) CHANGES IN ACCOUNTING PRINCIPLES

For the year ended October 31, 2003, the Lafayette Parish Communication District has implemented GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The District also implemented GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions, No. 37, Basic Financial Statements - And Management's Discussion and Analysis - For State and Local Governments: Omnibus, No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain

LAFAYETTE PARISH COMMUNICATION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003**

(B) CHANGES IN ACCOUNTING PRINCIPLES- Continued

Liabilities and Expenditures in Governmental Fund Financial Statements. At October 31, 2003, there was no effect on fund balance as a result of implementation of GASB Statement No. 33.

The implementation of GASB Statement No. 34 caused the opening fund balance at October 31, 2002 to be restated in terms of "net assets" as follows:

Total Fund Balances - Governmental Funds at October 31, 2002		\$ -0-
Add: Cost of Capital Assets at October 31, 2002	\$ 293,649	
Less: Accumulated Depreciation at October 31, 2002	<u>(276,248)</u>	\$ 17,401
Less: Compensated Absences Payable at October 31, 2002		<u>(2,268)</u>
Net Assets at October 31, 2002		<u>\$ 15,133</u>

(C) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital Outlay		\$ 52,920
Depreciation		<u>(8,217)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities		<u>\$ 44,703</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003**

(D) CASH AND INVESTMENTS

The District's cash and investments are included in the City of Lafayette's Cash Management Fund, which is pooled with the City's other investments. Interest earned from the pooled cash management fund is apportioned to each fund based on its average daily cash balance. The City's investments are categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. All funds are considered Category 1 at October 31, 2003.

(E) TELEPHONE TAX RECEIVABLE

The telephone tax is received by the "911" Fund from Bell South Telecommunications, Inc., Century Telephone and various other small vendors from amounts billed to their customers. At October 31, 2003, the telephone tax receivable was \$186,598. The responsibility of collecting the tax rests with the telephone companies and the receivable is reported net of any uncollected amounts, therefore, no allowance for uncollectible taxes is deemed necessary.

(F) PENSION PLAN

All full-time employees of the District are eligible and participating in the Parochial Employee's Retirement System of Louisiana. The District contributed 7.75 percent of each employee's gross wages to the retirement system for the fiscal year. Also included in the expense for retirement is the required Medicare contribution of 1.45 percent of each employee's wages. The amount contributed to the retirement system and for Medicare for the year ended October 31, 2003, was \$66,609.

(G) CONSTRUCTION IN PROGRESS

Included in property and equipment of the "911" Fund is construction in progress of \$393,692. This consists of \$148,703 on the Landscaping Master Plan Project, \$169,980 on the Door/Access Control/Camera Project and \$75,009 on the Mobile Communications Center Project.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003

H) CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2003 was as follows:

	<u>Balance 11/1/2002</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance 10/31/2003</u>
Governmental Activities:				
Capital assets, being depreciated				
Buildings	\$ 6,472	\$ -	\$ -	\$ 6,472
Furniture and Equipment	<u>287,177</u>	<u>52,920</u>	<u>525</u>	<u>339,572</u>
Total capital assets being depreciated	<u>293,649</u>	<u>52,920</u>	<u>525</u>	<u>346,044</u>
Less: Accumulated Depreciation for:				
Buildings	6,472	-	-	6,472
Furniture and Equipment	<u>269,776</u>	<u>8,217</u>	<u>-</u>	<u>277,993</u>
Total accumulated depreciation	<u>276,248</u>	<u>8,217</u>	<u>-</u>	<u>284,465</u>
Total capital assets being depreciated, net	<u>17,401</u>	<u>44,703</u>	<u>525</u>	<u>61,579</u>
 Governmental activities capital assets, net	 <u>\$ 17,401</u>	 <u>\$ 44,703</u>	 <u>\$ 525</u>	 <u>\$ 61,579</u>
Business-type Activities:				
Capital assets, not being depreciated				
Construction in Progress	<u>\$ 266,908</u>	<u>\$ 307,411</u>	<u>\$ (180,627)</u>	<u>\$ 393,692</u>
Capital assets, being depreciated				
Building and Improvements	319,559	142,491	-	462,050
Furniture and Equipment	<u>5,554,394</u>	<u>207,669</u>	<u>(8,398)</u>	<u>5,753,665</u>
Total capital assets being depreciated	<u>5,873,953</u>	<u>350,160</u>	<u>(8,398)</u>	<u>6,215,715</u>
Less: Accumulated Depreciation for:				
Building and Improvements	(113,167)	(18,503)	-	(131,670)
Furniture and Equipment	<u>(4,280,294)</u>	<u>(694,140)</u>	<u>6,934</u>	<u>(4,967,500)</u>
Total accumulated depreciation	<u>(4,393,461)</u>	<u>(712,643)</u>	<u>6,934</u>	<u>(5,099,170)</u>
Total capital assets being depreciated, net	<u>1,480,492</u>	<u>(362,483)</u>	<u>(1,464)</u>	<u>1,116,545</u>
Business-type activities capital assets, net	<u>\$ 1,747,400</u>	<u>\$ (55,072)</u>	<u>\$ (182,091)</u>	<u>\$ 1,510,237</u>

Depreciation expense for the year ended October 31, 2003 was charged as direct expense to programs of the government as follows:

Governmental Activities - Public Safety	<u>\$ 8,217</u>
Business Type Activities - Public Safety	<u>\$712,643</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003

(I) LEASES

On September 1, 1983, the District entered into and prepaid a ninety-nine year lease with the City of Lafayette for land for future construction of a permanent facility. The prepaid amount is amortized over the term of the lease in the amount of \$253 per year.

The District has entered into a lease with Bell South Business Systems, Inc. for an Automatic Location Identification (ALI) system. The ALI system is used within the 911 Fund. The lease term is for one year and renews annually unless either party gives a one hundred eighty (180) day written notice. The lease term runs from March 27, 2003 through March 26, 2004 with monthly lease payments of \$16,605. Future minimum lease payments at October 31, 2003, were \$83,025.

The District also entered into a thirty-six (36) month lease with Bell South for equipment and software related to the E911 program. The lease term is May 1, 2001 through April 30, 2004, with monthly lease payments of \$2,595.

Future minimum lease payments relating to above lease as of October 31, 2003 are as follows:

Year Ending October 31	
2004	<u>\$15,570</u>

The District also has a lease for tower space from American Tower Corporation. The leased tower space is used within the CSM Fund. The lease automatically renews annually unless either party gives a ninety (90) day written notice. The lease term runs from November 1 through October 31 with monthly lease payments of \$1,448 for the year ended October 31, 2003, and \$1,448 beginning November 1, 2003. Total lease expense for the year ended October 31, 2003 was \$17,416. Future minimum lease payments at October 31, 2003, were \$17,416.

(J) BOARD COMPENSATION

The Board of Commissioners serves without compensation or per diem.

(K) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; and natural disasters. The District is insured to reduce the exposure to these risks.

(L) LITIGATION

There is no litigation pending against the District at October 31, 2003.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003

(M) CHANGES IN LONG-TERM OBLIGATIONS/ CAPITAL LEASE OBLIGATION

The District's long-term debt is attributable to business-type activities and includes a capital lease obligation. This debt was liquidated by the proprietary fund during the year ended October 31, 2003.

The following is a summary of the long-term transactions of the Lafayette Parish Communications District for the year ended October 31, 2003.

	<u>Balance 11/1/02</u>	<u>Issues/ Additions</u>	<u>Payments or Expenditures</u>	<u>Balance 10/31/03</u>
Capital Lease Obligation	<u>\$ 204,241</u>	<u>\$ -</u>	<u>\$ 204,241</u>	<u>\$ -</u>

The District has entered into a capital lease with Motorola, Inc. for 287 Mobile Data Terminals. The asset and liability recorded under this capital lease are recorded at \$1,588,832, which is the lower of the present value of the minimum lease payments or the fair value of the asset. The lease was paid in full during the year ended October 31, 2003.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUND - PROPRIETARY FUND
FOR THE YEAR ENDED OCTOBER 31, 2003**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Telephone Tax	\$ 2,500,000	\$ 2,500,000	\$ 2,722,136	\$ 222,136
Miscellaneous Revenue	-	-	8,334	8,334
Interest Earnings	25,000	25,000	94,781	53,588
Gain (Loss) on Fixed Asset Disposal	(150,000)	(150,000)	(1,464)	148,536
Total Revenue	<u>2,375,000</u>	<u>2,375,000</u>	<u>2,823,787</u>	<u>448,787</u>
EXPENSES				
Current:				
Contractual Services	6,000	6,000	2,590	3,410
Depreciation	900,000	900,000	712,643	187,357
Dues and Subscriptions	1,200	1,200	310	890
Duplicating Expense	1,000	1,000	811	189
Engineering Services	81,000	5,000	1,064	3,936
Expense Reimbursement	100	100	-	100
Insurance	164,000	149,000	113,675	35,325
Interest	216,100	216,100	1,920	214,180
Land Lease	300	300	253	47
Miscellaneous	8,000	8,000	6,360	1,640
Office and Postage	700	1,600	977	623
Printing	800	1,100	760	340
Professional Fees	21,500	40,800	26,001	14,799
Publication and Recordings	1,500	2,800	2,119	681
Repairs and Maintenance	149,900	124,400	67,874	56,526
Retirement and Medicare	81,200	81,200	61,127	20,073
Salaries	812,000	812,000	688,209	123,791
Supplies and Materials	25,000	50,900	33,297	17,603
Telecommunications	625,000	593,700	447,308	146,392
Training	15,000	35,000	24,862	10,138
Transportation	8,000	8,000	2,864	5,136
Travel and Meetings	2,500	2,500	605	1,895
Uniforms	1,500	1,500	798	702
Utilities	100	200	147	53
Total Expenses	<u>3,122,400</u>	<u>3,042,400</u>	<u>2,196,574</u>	<u>845,826</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(747,400)</u>	<u>(667,400)</u>	<u>627,213</u>	<u>1,294,613</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUND - PROPRIETARY FUND
FOR THE YEAR ENDED OCTOBER 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES (BROUGHT FORWARD)	\$ (747,400)	\$ (667,400)	\$ 627,213	\$ 1,294,613
NET ASSETS, BEGINNING	<u>4,652,602</u>	<u>4,652,602</u>	<u>4,652,602</u>	<u>-</u>
NET ASSETS, ENDING	<u>\$ 3,905,202</u>	<u>\$ 3,985,202</u>	<u>\$ 5,279,815</u>	<u>\$ 1,294,613</u>

OTHER SUPPLEMENTARY INFORMATION

LAFAYETTE PARISH COMMUNICATION DISTRICT

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

OCTOBER 31, 2003

	<u>Communication System Management</u>	<u>Office of Homeland Security and Emergency Preparedness</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash	\$ 74,680	\$ 18,842	\$ 93,522
Accounts Receivable	1,226	-	1,226
Due From State of Louisiana	<u>-</u>	<u>5,470</u>	<u>5,470</u>
 TOTAL ASSETS	 <u>\$ 75,906</u>	 <u>\$ 24,312</u>	 <u>\$ 100,218</u>
 LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 1,053	\$ 4,475	\$ 5,528
Salaries Payable	-	1,208	1,208
Due to City/Parish of Lafayette	50,101	18,629	68,730
Deferred Revenue	<u>24,752</u>	<u>-</u>	<u>24,752</u>
 TOTAL LIABILITIES	 <u>75,906</u>	 <u>24,312</u>	 <u>100,218</u>
 FUND BALANCE	 <u>-</u>	 <u>-</u>	 <u>-</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 75,906</u>	 <u>\$ 24,312</u>	 <u>\$ 100,218</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2003**

	<u>Communication System Management</u>	<u>Office of Homeland Security and Emergency Preparedness</u>	<u>Nonmajor Governmental Funds</u>
REVENUE			
Governmental Appropriations	\$ 158,447	\$ 199,077	\$ 357,524
Interest Earnings	3,727	2,133	5,860
Total Revenue	<u>162,174</u>	<u>201,210</u>	<u>39,036</u>
EXPENDITURES			
Current:			
Dues and Licenses	180	610	790
Duplicating Expense	52	1,814	1,866
Insurance		15,454	15,454
Miscellaneous		2,230	2,230
Postage	37	285	322
Printing		-	-
Professional Fees	497	709	1,206
Publication and Recordings		-	-
Repairs and Maintenance	51,654	21,842	73,496
Retirement and Medicare		5,482	5,482
Salaries		65,019	65,019
Supplies and Materials	1,647	7,453	9,100
Telecommunications	17,838	16,115	33,953
Tower Rentals	17,416	-	17,416
Training	2,079	4,347	6,426
Transportation		4,382	4,382
Travel and Meetings		-	-
Uniforms		-	-
Utilities	4,445	147	4,592
Capital Outlay			
Equipment	16,228	36,692	52,920
Total Expenditures	<u>112,073</u>	<u>182,581</u>	<u>294,654</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>50,101</u>	<u>18,629</u>	<u>68,730</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2003**

	<u>Communication System Management</u>	<u>Office of Homeland Security and Emergency Preparedness</u>	<u>Nonmajor Governmental Funds</u>
EXCESS OF REVENUE OVER EXPENDITURES (BROUGHT FORWARD)	<u>50,101</u>	<u>18,629</u>	<u>68,730</u>
OTHER FINANCING USES			
Reimbursement of Excess Funds: City/Parish of Lafayette	<u>(50,101)</u>	<u>(18,629)</u>	<u>(68,730)</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT

**SPECIAL REVENUE FUND
COMMUNICATION SYSTEM MANAGEMENT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED OCTOBER 31, 2003**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
Government Appropriation	\$ 128,000	\$ 158,447	\$ 30,447
Interest Earnings	-	3,727	3,727
Total Revenue	<u>128,000</u>	<u>162,174</u>	<u>34,174</u>
EXPENDITURES			
Current:			
Dues and Licenses	200	180	20
Duplicating Expense	150	52	98
Postage	100	37	63
Professional Fees	500	497	3
Repairs and Maintenance	61,300	51,654	9,646
Supplies and Materials	2,300	1,647	653
Telecommunications	21,000	17,838	3,162
Tower Rentals	18,500	17,416	1,084
Training	2,300	2,079	221
Utilities	5,300	4,445	855
Capital Outlay:	16,350	16,228	122
Total Expenditures	<u>128,000</u>	<u>112,073</u>	<u>15,927</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>-</u>	<u>50,101</u>	<u>50,101</u>
OTHER FINANCING USES			
Reimbursement of Excess Funds: City/Parish of Lafayette	<u>-</u>	<u>(50,101)</u>	<u>(50,101)</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT

SPECIAL REVENUE FUND

OFFICE OF HOMELAND SECURITY AND EMERGENCY PREPAREDNESS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED OCTOBER 31, 2003

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Government Appropriations	\$ 196,801	\$ 199,077	\$ 2,276
Interest Earnings	1,200	2,133	933
Total Revenue	<u>198,001</u>	<u>201,210</u>	<u>3,209</u>
EXPENDITURES			
Current:			
Dues and Subscriptions	700	610	90
Duplicating Expense	1,900	1,814	86
Insurance	15,850	15,454	396
Miscellaneous	2,500	2,230	270
Postage	500	285	215
Professional Fees	750	709	41
Repairs and Maintenance	23,500	21,842	1,658
Retirement and Medicare	6,200	5,482	718
Salaries	67,500	65,019	2,481
Supplies and Materials	8,700	7,453	1,247
Telecommunications	22,800	16,115	6,685
Training	4,500	4,347	153
Transportation	5,000	4,382	618
Travel and Meetings	300	-	300
Utilities	200	147	53
Capital Outlay:			
Equipment	37,101	36,692	409
Total Expenditures	<u>198,001</u>	<u>182,581</u>	<u>15,420</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>18,629</u>	<u>18,629</u>
OTHER FINANCING USES			
Reimbursement of Excess Funds:			
City/Parish of Lafayette	-	(18,629)	(18,629)
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	-	-	-
FUND BALANCE, BEGINNING	-	-	-
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE AND INTERNAL CONTROL

LAFAYETTE PARISH COMMUNICATION DISTRICT
SCHEDULE OF WIRELESS E911 REVENUES AND EXPENDITURES
FOR THE YEAR ENDED OCTOBER 31, 2003

REVENUES	
Nextel	\$ 68,828
Cingular Wireless	636,098
Centennial Cellular Corporation	163,383
Excel Telecommunications	3,396
Sprint PCS	123,099
AT&T Wireless	78,001
Tracfone Wireless, Inc.	5,944
T-Mobile USA, Inc.	16,962
Unwired Telecom Corporation	242
Verizon Wireless	12,120
Virgin Mobile	<u>5,370</u>
TOTAL REVENUES	<u>\$1,113,443</u>

NOTE: The collection of the Wireless E911 tax is authorized by Louisiana Revised Statute 33:9109. According to the statute, the District is to collect the tax from the providers of wireless communications. The proceeds of the tax are restricted in use for payment of service suppliers' and the District's costs associated with the implementation of Phase I enhancements required by the FCC. Once these expenditures have been made and the system implementation is complete, the proceeds become unrestricted and may be used for any lawful purpose of the District. All Phase I system implementation requirements are complete.

WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants

100 Petroleum Drive, 70508

P. O. Box 80569 • Lafayette, Louisiana 70598-0569

(337) 232-3637 • FAX (337) 235-8557

www.wmddh.com

JOHN W. WRIGHT, CPA*
M. TROY MOORE, CPA*
JAMES H. DUPUIS, CPA, CFP*
JOE D. HUTCHINSON, CPA*
JAN H. COWEN, CPA*
LANCE E. CRAPPELL, CPA*
PAT BAHAM DOUGHT, CPA*
MICAH R. VIDRINE, CPA*
TRAVIS M. BRINSKO, CPA*

CHRISTINE R. DUNN, CPA
RICK STUTES, CPA, CVA
ANDRÉ D. BROUSSARD, CPA
MARY PATRICIA KEELEY, CPA
KRISTIE C. BOUDREAUX, CPA
KELLEY D. HAWKINS, CPA
BRIDGET B. TILLEY, CPA, MT
DAMIAN H. SPIESS, CPA, CFP
TASHA A. RALEY, CPA

* A PROFESSIONAL CORPORATION

RETIRED

MICHAEL G. DeHART, CPA, CVA, MBA*

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
Lafayette Parish Communication District
Lafayette, Louisiana

We have audited the general-purpose financial statements of the Lafayette Parish Communication District for the year ended October 31, 2003, and have issued our report thereon dated January 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether Lafayette Parish Communication District's general purpose 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 Lafayette Parish Communication 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 the information of Lafayette Parish Communication District and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

January 16, 2004



LAFAYETTE PARISH COMMUNICATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED OCTOBER 31, 2003

We have audited the financial statements of the Lafayette Parish Communication District as of and for the year ended October 31, 2003 and have issued our report thereon dated January 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our audit of the financial statements of October 31, 2003 resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

a. *Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control

Material Weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable Conditions	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
---	------------------------------	--

Section II Financial Statement Findings

None

Section III Federal Award Findings and Questioned Costs

This section is not applicable for the year ended October 31, 2003.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED OCTOBER 31, 2003**

There were no prior year findings.

LAFAYETTE PARISH COMMUNICATION DISTRICT

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED OCTOBER 31, 2003**

No current year findings were noted, therefore no response is deemed necessary.