

Financial Report
Lafourche Parish Communications District
Raceland, Louisiana
December 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 7-14-04

TABLE OF CONTENTS

Lafourche Parish Communications District

December 31, 2003

	<u>Exhibits</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iii
Financial Section		
Independent Auditor's Report		1 - 2
Management's Discussion and Analysis		3 - 6
Basic Financial Statements:		
Statement of Net Assets	A	7
Statement of Revenues, Expenses and Changes in Net Assets	B	8
Statement of Cash Flows	C	9
Notes to Financial Statements	D	10 - 19
	<u>Schedules</u>	
Supplementary Information Section		
Independent Auditor's Report on Additional Information		20

TABLE OF CONTENTS
(Continued)

	<u>Schedules</u>	<u>Page Number</u>
Supplementary Information Section (Continued)		
Nonaccounting Information:		
Status of Phase One Implementation of Wireless E911 Service (unaudited)	1	21 - 22
Schedule of Revenues Derived from the Wireless E911 Service Charge and the Use of Such Revenues (unaudited)	2	23
Special Reports of Certified Public Accountants		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		24 - 25
Schedule of Findings		26 - 28
Reports by Management		
Schedule of Prior Year Findings		29
Management's Corrective Action Plan		30

FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Lafourche Parish Communications District,
Raceland, Louisiana.

We have audited the accompanying basic financial statements of the Lafourche Parish Communications District (the District), a component unit of the Lafourche Parish Council, State of Louisiana, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Lafourche Parish Communications District, as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 c) to the basic financial statements, the District has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments, as of January 1, 2003.

As further described in Note 1 b) to the basic financial statements, the District has given retroactive effect to the change in accounting for its General Fund, in accordance with the provisions of Statement No. 34.

Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2004, on our consideration of the Lafourche Parish Communications District's internal control over financial reporting and 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
February 26, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lafourche Parish Communications District

The Management's Discussion and Analysis of the Lafourche Parish Communication District's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2003 by \$1,763,685 (net assets), which represents a 13.65% increase from last fiscal year.

The District's total revenues decreased \$19,675 (or 2.3%) primarily due to the number of wireline users decreasing as the number of customers maintaining only a wireless phone increased. Interest revenue declined due to a lower market rate.

The District did not have any funds with deficit fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: Management's Discussion and Analysis, Basic Financial Statements, and Supplementary Information and various governmental compliance reports and schedules by certified public accountants and management. The Basic Financial Statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

REQUIRED BASIC FINANCIAL STATEMENTS

The Basic Financial Statements of the District report information about the District using accounting methods similar to those used by private sector businesses. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the District's operations over the year and can be used to determine whether the District has successfully recovered all its costs through its fees and other charges, profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments throughout the year. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities.

FINANCIAL ANALYSIS OF THE DISTRICT

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information in a way that the reader can determine if the District is in a better financial position as a result of the year's activities. These statements report the net assets of the District and changes in them. The net assets (difference between assets and liabilities) can be used to measure financial health or financial position. Over time, increases and decreases in the District's net assets are one indicator as to whether its financial health is improving or deteriorating. There are other non-financial factors to consider, such as changes in economic conditions, population growth and new or changed government legislation.

NET ASSETS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2003, assets exceeded liabilities by \$1,763,685. A portion of the District's net assets (9.97%) reflects its investment in capital assets (e.g., land; buildings; office furniture, fixtures and equipment; vehicles, machinery and equipment) net of related debt and unspent proceeds. Consequently, these assets are not available for future spending. The majority of the total assets remains in cash and cash equivalents (78.22%).

Condensed Statements of Net Assets

Current and other assets	\$ 2,781,573
Capital assets	387,471
Total assets	<u>3,169,044</u>
Long-term liabilities outstanding	1,290,000
Other liabilities	115,359
Total liabilities	<u>1,405,359</u>
Net Assets:	
Invested in capital assets, net of related debt	175,792
Unrestricted	1,587,893
Total net assets	<u>\$ 1,763,685</u>

Since this is the first year to report all activities as an enterprise fund, a comparison to the prior year is not possible (with the exception of the above comparison). However, in future years, this section will explain the differences between the current and prior year assets, liabilities, and changes in net assets.

Condensed Changes in Net Assets

Operating Revenues	\$ 848,400
Non-Operating Revenues	23,763
Total Revenues	872,163
Depreciation and Amortization expense	38,354
Other Operating Expense	531,193
Non-Operating expense	90,691
Total Expenses	660,238
Increase in net assets	211,925
Net assets beginning of year	1,551,760
Net assets end of year	\$ 1,763,685

The Statement of Revenues, Expenses, and Change in Net Assets provide answers as to the nature and source of changes in net assets. Again, because this is the first year to report governmental activities as an enterprise fund, a comparison to the prior year is not possible. However, in next year's discussion this section will show a condensed financial comparison of revenues and expenses from the prior year and provide explanations for significant differences to current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2003, amounts to \$387,471 (net of accumulated depreciation). This investment in capital assets includes buildings, office furniture, equipment and fixtures; machinery and equipment and a vehicle (see table below).

	2003	2002
Construction in progress	\$ 346,679	\$ 242,180
Buildings	-	104,970
Office furniture, equipment and fixtures	16,629	16,629
Machinery and equipment	320,852	319,635
Vehicle	18,875	18,875
Less: accumulated depreciation	(315,564)	(291,928)
Totals	\$ 387,471	\$ 410,361

Major capital asset events during the current fiscal year included the following:

- The District sold its building for \$74,000 with a net book value of \$92,724 resulting in a loss of \$18,724
- The District incurred costs associated with construction in progress that includes a new building to be constructed (\$98,999) and expenses for the purchase of 911 equipment (\$5,500).

Additional information on the District's capital assets can be found in the Note 3, Exhibit D of this report.

Long-term Debt

At December 31, 2003, the District had \$1,365,000 in long-term debt outstanding as compared to \$1,435,000 in the prior year which is a decrease of \$70,000, the amount of 2003 principal payments on outstanding debt. More detailed information about the District's long-term debt is presented in Note 6, Exhibit D of this report.

ECONOMIC FACTORS

The District's Board of Directors and management considered many factors when setting the 2004 budget. One of those factors is the economy. Over the last few years, the District's customer base has risen steadily as a result of wireless companies coming into Lafourche Parish, both commercially and residentially.

Operating revenues available for recovering operating expenses are projected to be \$835,000, slightly lower than 2003 revenues. Due to new technology available to consumers, the number of landline phones has decreased due to wireless capabilities. Non-operating revenues are projected to decrease due to lower interest earnings and fewer dollars to invest as the District utilizes net assets to construct the new building and to purchase equipment necessary for Phase II implementation (estimated assets totaling \$2,300,000). Budgeted operating expenses are expected to rise over 2003 actual by 76 percent. Increases in mapping expenses, insurance, personal services and administrative costs are expected to continue.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Lafourche Parish Communications District, P.O. Box 1157, Raceland, LA 70394.

STATEMENT OF NET ASSETS**Lafourche Parish Communications District**

December 31, 2003

ASSETS**Current**

Cash and cash equivalents	\$ 2,478,722
Investments	78,343
Receivables	152,364
Deferred bond issuance costs	<u>2,351</u>

Total current assets 2,711,780

Capital Assets

Depreciable, net	<u>387,471</u>
------------------	----------------

Other

Note receivable	54,000
Deferred bond issuance costs	<u>15,793</u>

69,793

Total assets \$ 3,169,044

LIABILITIES**Current**

Accounts payable and accrued expenses	\$ 40,359
Bond payable within one year	<u>75,000</u>

Total current liabilities 115,359

Long-term

Bond payable after one year	<u>1,290,000</u>
-----------------------------	------------------

Total liabilities 1,405,359

NET ASSETS**Net Assets**

Invested in capital assets, net of related debt	175,792
Unrestricted	<u>1,587,893</u>

Total net assets 1,763,685

Total liabilities and net assets \$ 3,169,044

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS**

Lafourche Parish Communications District

For the year ended December 31, 2003

OPERATING REVENUES	
Charges for services	\$ 848,371
Other operating revenues	<u>29</u>
Total operating revenues	<u>848,400</u>
OPERATING EXPENSES	
Personal services	255,703
Supplies and materials	5,630
Other services and charges	237,549
Repairs and maintenance	32,311
Depreciation	<u>35,882</u>
Total operating expenses	<u>567,075</u>
Operating income	<u>281,325</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	23,763
Loss on sale of building	(18,724)
Interest expense	(71,967)
Amortization of issuance costs	<u>(2,472)</u>
Total non-operating revenues (expenses)	<u>(69,400)</u>
Change in net assets	211,925
NET ASSETS	
Beginning of year	<u>1,551,760</u>
End of year	<u>\$ 1,763,685</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS**Lafourche Parish Communications District**

For the year ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 842,905
Cash payments to suppliers for goods and services	(294,525)
Cash payments to employees for services and benefits	<u>(253,387)</u>
Net cash provided by operating activities	<u>294,993</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(105,716)
Proceeds from the sale of the building	20,000
Principal paid on outstanding debt	(70,000)
Interest paid on outstanding debt	<u>(73,157)</u>
Net cash used for capital and related financing activities	<u>(228,873)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>23,271</u>
Net increase in cash and cash equivalents	89,391

CASH AND CASH EQUIVALENTS

Beginning of year	<u>2,389,331</u>
End of year	<u>\$ 2,478,722</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 281,325
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	35,882
Increase in assets:	
Accounts receivable	(5,495)
Decrease in liabilities:	
Accounts payable and accrued expenses	<u>(16,719)</u>
Total adjustments	<u>13,668</u>
Net cash provided by operating activities	<u>\$ 294,993</u>

NON CASH OPERATING, CAPITAL AND RELATED FINANCING ACTIVITIES AND INVESTING:

Sale of building with notes receivable	54,000
Loss on sale of building	18,724
Amortization of bond issuance costs	<u>2,472</u>
Total non cash transactions	<u>\$ 75,196</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Lafourche Parish Communications District**

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lafourche Parish Communications District (the District) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Nature of Activities

The District assesses a fixed monthly service charge to customers of local telephone and wireless communication companies providing service in Lafourche Parish. The companies collect the charge then remit those collections to the District. The District uses this service charge to run an emergency 911 system.

b) Reporting Entity

The District was formed by an Act of the State Legislature on July 14, 1983. A board was approved and became effective on October 5, 1989.

The District is a component unit of the Lafourche Parish Council. The District has reviewed all of its activities and determined that there are no potential component units which should be included in the financial statements.

c) Change in Accounting

In June 1999, GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. One of the more significant changes in Statement No. 34 include for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the District’s activities. This and other changes are reflected in the accompanying basic financial statements (including notes to financial statements). The District has elected to implement the general provisions of Statement No. 34 in the current year.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Change in Accounting (Continued)

The Louisiana State Legislature has enacted various statutes which require the District to recover the costs of operation, including debt service costs, through charges to customers – the District’s principal revenue source. Because these charges are the District’s principal revenue source and because the District is required to recover its costs, the District should be reported as an Enterprise Fund, in accordance with the provisions of Statement No. 34. Prior to the implementation of Statement No. 34, the District accounted for its activities in its governmental general fund, which has been eliminated with the implementation of Statement No. 34.

For the year ended December 31, 2003, the District also implemented the following GASB Standards:

- Statement 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus
- Statement 38 – Certain Financial Statement Disclosures
- Interpretation No. 6 – Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements

The transition from governmental fund balance to net assets for December 31, 2002, is presented below:

Total fund balance, as previously reported		\$2,580,178
Capital assets used in governmental activities are not financial resources and, therefore were not previously reported.		
Governmental capital assets	\$ 702,289	
Less accumulated depreciation	<u>(291,928)</u>	410,361
Other assets used in governmental activities are not financial resources and, therefore were not previously reported.		
Deferred bond issuance costs		20,616
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore were not previously reported.		
Certificates of indebtedness payable	(1,435,000)	
Accrued interest payable	<u>(24,395)</u>	<u>(1,459,395)</u>
Net assets		<u>\$1,551,760</u>

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Method of Accounting

On January 1, 2003, the District adopted the provisions of Statement No. 34 which established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- Restricted -This component of net assets consists of constraints placed on net asset use though external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The basic financial statements of the District are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Under GASB Statement No. 20, the District has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers cash and cash equivalents to include amounts in checking accounts, investments with maturities of three months or less at purchase. The certificate of deposit was originally purchased in 1997 and will mature in 2004 and therefore is considered an investment.

f) Accounts Receivable

The financial statements of the District contain no allowance for uncollectible accounts receivable. It is the opinion of management that receivables at December 31, 2003 are collectible and possible bad debt losses are immaterial.

g) Deferred Bond Issuance Costs

The District has recorded deferred bond issuance costs which are amortized by the interest method over the term of the related debt.

h) Capital Assets

Capital assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extends its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Depreciation of all capital assets, excluding land, is calculated over the estimated useful lives using the straight-line method as follows:

Building	40 years
Office furniture, equipment and fixtures	5 years
Machinery and equipment	5 - 10 years
Vehicle	5 years

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Vacation and Sick Leave

Vacation and sick leave are determined by length of service for full-time employees as follows:

1 - 3 years	1 week vacation and 1 week sick leave
3 - 9 years	2 weeks vacation and 2 weeks sick leave
10 years or more	3 weeks vacation and 3 weeks sick leave

Vacation and sick leave must be used by the end of the year. Vacation is paid to employees upon termination of employment; sick leave is not paid. There is no material accumulated balance of unpaid leave as of December 31, 2003.

j) Revenues and Expenses

Operating revenue and expenses consists of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted assets to the extent such are available and then to unrestricted net assets. At December 31, 2003, the District had no restricted net assets.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Note 2 - DEPOSITS (Continued)

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

The year-end balances of deposits and the carrying amounts are shown on the balance sheet as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$200,000	\$ -	\$2,294,398	\$2,478,722
Investments:				
Certificates of deposit	<u>78,343</u>	<u>-</u>	<u>-</u>	<u>78,343</u>
Totals	<u>\$278,343</u>	<u>\$ -</u>	<u>\$2,294,398</u>	<u>\$2,557,065</u>

At December 31, 2003, cash in excess of the FDIC insurance was collateralized by securities held by unaffiliated banks for the account of the depositor. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - CHANGES IN CAPITAL ASSETS

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

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Capital assets not being depreciated:				
Construction in progress	\$ 242,180	\$ 104,499	\$ -	\$ 346,679
Capital assets being depreciated:				
Buildings	104,970	-	(104,970)	-
Office furniture, equipment and fixtures	16,629	-	-	16,629
Machinery and equipment	319,635	1,217	-	320,852
Vehicle	18,875	-	-	18,875
Total capital assets being depreciated	460,109	1,217	(104,970)	356,356
Less accumulated depreciation for:				
Buildings	(9,622)	(2,624)	12,246	-
Office furniture, equipment and fixtures	(13,422)	(1,956)	-	(15,378)
Machinery and equipment	(262,592)	(27,527)	-	(290,119)
Vehicle	(6,292)	(3,775)	-	(10,067)
Total accumulated depreciation	(291,928)	(35,882)	12,246	(315,564)
Total capital assets being depreciated, net	168,181	(34,665)	(92,724)	40,792
Total capital assets, net	\$ 410,361	\$ 69,834	\$ (92,724)	\$ 387,471

Construction in progress consists of costs associated with the new building to be constructed.

Note 4 - NOTE RECEIVABLE

A building was sold on December 29, 2003 for \$74,000 with a cash payment of \$20,000 received and note signed for \$54,000 at a rate of 3% per annum from date until paid or before June 29, 2005. The note does not specify periodic payments but states that payoff is due within eighteen months of the date issued. Therefore, the District has reported the balance of the note receivable as a non-current asset.

Note 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2003 consisted of the following:

Vendors	\$ 8,463
Salaries and benefits	8,691
Interest on long-term debt	<u>23,205</u>
Total	<u>\$ 40,359</u>

Note 6 - LONG-TERM DEBT

On September 1, 2001, the District issued \$1,500,000 of special revenue bonds, series 2001. The serial bonds carry interest rates of 5.10% which are repayable through September 1, 2016 primarily from charges for services.

The following is a summary of the bond transactions of the District for the year ended December 31, 2003:

Bonds payable at January 1, 2003	\$1,435,000
Bonds retired	<u>70,000</u>
Bonds payable at December 31, 2003	<u>\$1,365,000</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 2003 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 75,000	\$ 69,615	\$ 144,615
2005	80,000	65,790	145,790
2006	85,000	61,710	146,710
2007	90,000	57,375	147,375
2008	90,000	52,785	142,785
2009 - 2013	545,000	188,445	733,445
2014 - 2016	<u>400,000</u>	<u>41,565</u>	<u>441,565</u>
Totals	<u>\$1,365,000</u>	<u>\$537,285</u>	<u>\$1,902,285</u>

Note 7 - CENTRAL FIRE STATION LEASE

A lease with Lafourche Parish Fire Protection District No. 1, which allows the District use of office space in the Central Fire Station, is automatically renewed indefinitely with each party having the option to terminate at any time. The lease was in effect for 2003 and the rental expense for 2003 was \$10,800.

Note 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 9 - CONTINGENT LIABILITIES

A legal action has been filed against the District for the wrongful death of a small child. The case, which was filed December 29, 1993, is in discovery and it is not possible at this time to determine what liabilities, if any, the District might be responsible. The Lafourche Parish Sheriff's Office was operating the system at the time of the alleged incident and it is not known what, if any liabilities, they would have. A citation was received by the District as a co-defendant in a case brought on by the children on behalf of the estate of their deceased mother claiming that they have suffered substantial injuries as a proximate result of the negligence and/or breach as to the failure to properly train and monitor employees of the District. The case is in the discovery stage and is not possible to determine what liabilities the District may incur, if any. If it is determined that the District is liable in some respect for either case, management believes it may be covered by its liability insurance. Accordingly, no provision for any liability that may arise from these litigation suits has been made in the accompanying financial statements.

Note 10 - COMMITMENT

The Federal Communications Commission (FCC) and the Louisiana State Legislature have issued rulings and statutes requiring wireless telecommunication providers to provide the number and location of the caller to the communications district when a caller accesses 911. State statutes require the caller location service to be operating within one year of collecting a consumer fee for the service.

Note 10 - COMMITMENT (Continued)

The District implemented the rulings and has begun collecting the service charge effective January 1, 2000. Proceeds from the consumer service charge, \$424,152 for the year ended December 31, 2003, shall be used for the payment of service provider and district costs associated with system implementation. However, the district shall not make payments to service providers unless there is a cooperative endeavor agreement between the district and the provider delimiting the cost of implementation. The District has completed cooperative endeavor agreements with six providers and is in the process of negotiating agreements with the remaining provider. Management believes all required agreements will be completed in the year ending December 31, 2004.

Note 11 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to members of the Board of Commissioners for the year ended December 31, 2003.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Lafourche Parish Communications District,
Raceland, Louisiana.

Our report on our audit of the basic financial statements of the Lafourche Parish Communications District for the year ended December 31, 2003, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on the basic financial statements. The information contained in Schedule 1 and 2, which is of a nonaccounting nature, is not a required part of the basic financial statements, and is presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly we express no opinion on it.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
February 26, 2004.

**STATUS OF PHASE ONE IMPLEMENTATION OF
WIRELESS E911 SERVICE**

Lafourche Parish Communications District

December 31, 2003

(Unaudited)

The Louisiana State Legislature has enacted Act 1029 (the Act), to amend and reenact Louisiana Revised Statutes 33:9101, 9102, 9103, 9105, 9106 and 9109 relative to communication districts. The Act effective January 1, 2000 authorizes Louisiana Communication Districts to establish, by resolution of the Board of Commissioners, the ability to collect an emergency telephone service charge in the amount of \$0.85 per wireless user per month levied on wireless users of Commercial Mobile Radio Service (CMRS) who can access the 911 emergency telephone number system. Phase One requires CMRS carriers to implement locational services and have the capability to assign wireless calls usable numbers for callback and forwarding uninterrupted calls.

The purpose of the Act is to provide a funding mechanism to cover the costs of implementing enhancements to the emergency 911 telephone system for cellular and other wireless telephone users as provided by the Federal Communications Commission in Matter #94-102. Enhancements will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the district when a caller accesses the 911 system. Although these enhancements currently exist for persons dialing from "landline telephones," certain technological enhancements must be made in order to provide this information from wireless devices. The districts are required to negotiate and enter into a cooperative endeavor agreement provided for by the Act with each CMRS carrier to ensure that the service charge is collected, remitted and the service enhancements are implemented. For any district having a population of not less than thirty thousand persons as of the most recent federal decennial census, the enhancements shall be completed by the district and all of the CMRS carriers providing service within the district within one year of the initial levy of the service charge. Proceeds received shall be used for payment of CMRS carrier and district costs associated with the implementation of Phase One. Any funds collected in excess of those necessary to pay costs of such enhancements may be expended for any lawful purpose of the district.

The Lafourche Parish Communications District (the District) notified each CMRS carrier by certified letter of the adoption by the Board of Commissioners of Resolution No. 99-09-01 which levied an emergency telephone service charge of \$0.85 per month per wireless CMRS connection as of January 1, 2000. The District then sent a letter to each CMRS carrier concerning signing a cooperative endeavor agreement. As of December 31, 2003, the District has completed cooperative endeavor agreements with six CMRS carriers, out of a total of seven. The District is in negotiations with the remaining CMRS carrier.

**STATUS OF PHASE ONE IMPLEMENTATION OF
WIRELESS E911 SERVICE**

The CMRS carriers have been remitting the wireless E911 service charges collected from the CMRS connections (customers) beginning January 1, 2000. Remittance for service charges has begun for five of the CMRS carriers that have signed cooperative endeavor agreements with the District. The remaining CMRS carrier that has not agreed on a cooperative endeavor agreement has not been paid any service charges by the District because no district shall make payment of CMRS carrier costs associated with the implementation of Phase One enhancements required unless there is a cooperative endeavor agreement between the district and the CRMS carrier delimiting the cost of implementation to be recovered.

The District is Phase One compliant with all CMRS carriers. The District has been unsuccessful signing the final cooperative endeavor agreements due to corporate mergers and CMRS carriers that have established unreasonable non-recurring or recurring costs without justification, or have refused to participate in cooperative endeavor agreement negotiations. Although the District has encountered problems negotiating the final agreement, wireless users have maintained access through the CMRS carriers to the 911 system and the District's management believes all required agreements will be completed in the year ending December 31, 2004.

The District intends to recover the costs of additional staff hired to handle additional call volume with the wireless revenues, as well as, recover other costs related to the new wireless requirements. Other wireless costs include the service charge that will be assessed by the CMRS carriers based on the cost of updating their technology to implement the enhancement phase. The remittance of these costs depends on the signing of the cooperative endeavor agreements. The schedule of wireless revenues and use of wireless revenues can be found in Schedule 2 as required by the Act.

**SCHEDULE OF REVENUES DERIVED FROM THE WIRELESS E911
SERVICE CHARGE AND THE USE OF SUCH REVENUES**

Lafourche Parish Communications District

For the year ended December 31, 2003

(Unaudited)

	<u>Wireless</u>
OPERATING REVENUES	
Charges for services	\$ 424,152
Other operating revenues	14
	<u>424,166</u>
 OPERATING EXPENSES	
Personal services	125,806
Supplies and materials	2,770
Other services and charges	178,175
Repairs and maintenance	15,897
Depreciation	17,654
	<u>340,302</u>
 Total operating expenses	<u>340,302</u>
 Operating income	<u>\$ 83,864</u>

Note: Allocation of wireless operating expenses was determined by applying the percentage of wireless calls to total calls to the operating expenses described in the Statement of Revenue, Expenses and Changes in Net Assets. Other services and charges includes Phase 1 implementation costs totaling \$120,671. The remaining costs were allocated. Revenues from charges for services are based on actual reported revenues for wireless services. The number of total calls and wireless calls was furnished to us by the District's management.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Board of Commissioners,
Lafourche Parish Communications District,
Raceland, Louisiana.

We have audited the basic financial statements of Lafourche Parish Communications District (the District), as of and for the year ended December 31, 2003, and have issued our report thereon dated February 26, 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 the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's basic 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 one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the Schedule of Findings as item 03-1.

Internal Control Over Financial Reporting

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

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
February 26, 2004.

SCHEDULE OF FINDINGS

Lafourche Parish Communications District

For the year ended December 31, 2003

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not
considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

b) Federal Awards

Lafourche Parish Communications District did not receive federal awards during the year ended December 31, 2003.

Section II Financial Statement Findings

03-1 **Criteria** - The Federal Communications Commission (FCC) via FCC Matter 94-102, enacted July, 1996, set distinct requirements for making wireless 911 more compatible with existing 911 wireline systems and stipulates the necessity for the establishment of a cost recovery mechanism for both wireless service suppliers and 911 districts. The Louisiana State Legislature enacted Act 1029 to address the issue of a cost recovery mechanism for Phase One of the FCC order, and was made effective January 1, 2000 as amendments and reenactments to Louisiana Revised Statutes 33:9101, 9102, 9103, 9105, 9106 and 9109. The Act authorizes Louisiana Communication Districts the ability to establish, by resolution of the Board of Commissioners or Ordinance of the Parish's governing authority, the amount of \$0.85 per wireless user per month to be collected and remitted to the appropriate district for said purpose. Proceeds shall be used first for payment of wireless service suppliers and district costs associated with the implementation of enhancements required in Phase One. Any funds collected in excess of those necessary to pay costs of such enhancements may be expended for any lawful purpose of the district. Phase One requires implementing enhancements that will provide the call-back number of the wireless caller to the communications district when a caller accesses 911. The District will be required to pay a one-time non-recurring fee per subscriber at a rate specified by the service supplier. A monthly recurring charge will be paid to the service supplier by the district to help cover the service supplier's

SCHEDULE OF FINDINGS
(Continued)

Lafourche Parish Communications District

For the year ended December 31, 2003

Section II Financial Statement Findings

03-1 (Continued)

enhancement costs at a specified rate per subscriber. The service suppliers will not be able to receive the monthly recurring charges until a cooperative endeavor agreement has been signed. For any district having a population of not less than thirty thousand persons as of the most recent federal decennial census, the enhancements shall be completed by the district and all of the wireless service suppliers within one year of the initial levy of the service charge.

Statement of Condition - During the audit it was noted that as of December 31, 2003 there were six signed cooperative endeavor agreements, out of a total of seven suppliers. The District is still in negotiations with the other supplier. Phase One was not completed within the first year of the initial levy of the service charge. The remaining service supplier that does not have a signed cooperative endeavor agreement has not received any service charge payments by the District because no district shall make payment of a service suppliers costs associated with the implementation of Phase One enhancements required by such an order unless there is a cooperative endeavor agreement between the district and the supplier delimiting the cost of implementation to be recovered. Although the service supplier has not yet provided Phase One information to the District, wireless users have maintained access to the 911 system.

Cause and Effect - The District notified each service supplier by certified letter of the adoption by the Board of Commissioners of Resolution No. 99-09-01 which levied an emergency telephone service charge of \$0.85 per month per wireless service subscriber. In compliance with the Act, the District also sent a letter to each service supplier concerning signing a cooperative endeavor agreement. One of the service suppliers have not signed an agreement.

SCHEDULE OF FINDINGS
(Continued)

Lafourche Parish Communications District

For the year ended December 31, 2003

Section II Financial Statement Findings

03-1 (Continued)

Recommendation - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical - None

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Lafourche Parish Communications District

For the year ended December 31, 2003

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2002.
No reportable conditions were reported during the audit for the year ended December 31, 2002.

Compliance

02-1 **Recommendation** - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

Management's Response - Unresolved, however, the District has begun to remit the necessary service charges to the service suppliers that have signed cooperative agreements, however, Phase One is not complete.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Communications District did not receive federal awards during the year ended December 31, 2002.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2002.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Parish Communications District

For the year ended December 31, 2003

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2003.
No reportable conditions were reported during the audit for the year ended December 31, 2003.

Compliance

03-1 **Recommendation** - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

Management's Corrective Action Plan - The District has begun to remit the necessary service charges to the service suppliers that have signed cooperative agreements, and are currently in negotiations with the other service supplier.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Communications District did not receive federal awards during the year ended December 31, 2003.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2003.