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**Bossier Parish Communications District Number One
Benton, Louisiana**

Financial Statements With Auditor's Report

As of and For the Year Ended 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

Bossier Parish Communications District Number One
Benton, Louisiana

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Independent Auditors' Report

**Bossier Parish Communications District Number One
Benton, Louisiana**

We have audited the accompanying basic financial statements of the Bossier Parish Communications District Number One (the "District"), a component unit of the Bossier Parish Police Jury, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 Bossier Parish Communications District Number One as of December 31, 2003, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, Bossier Parish Communications District Number One 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 4, 2004, on our consideration of Bossier Parish Communications District Number One'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.

The management's discussion and analysis and budgetary comparison information on pages 3 – 8 and on pages 24 – 25, 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 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.

The information included as Other Supplementary Information on page 26 is not a required part of the basic financial statements but is supplementary information required by Louisiana Revised Statute 33:9101. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information, and express no opinion on it.



Cook & Morehart
Certified Public Accountants
February 4, 2004

BOSSIER PARISH COMMUNICATIONS DISTRICT NUMBER ONE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Bossier Parish Communications District Number One's financial performance provides an overview of the Bossier Parish Communications District Number One's financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Bossier Parish Communications District Number One's net assets increased by \$362,287 or 15%.

The Bossier Parish Communications District Number One's total general revenues were \$1,050,355 in 2003 compared to \$904,966 in 2002.

During the year ended December 31, 2003, the Bossier Parish Communications District Number One had total expenses, excluding depreciation of \$654,713.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Bossier Parish Communications District Number One as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Bossier Parish Communications District Number One's operations in more detail than the government-wide statements by providing information about the Bossier Parish Communications District Number One's most significant funds.

The Bossier Parish Communications District Number One was determined to be a component unit of the Bossier Parish Policy Jury. The Policy Jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the Bossier Parish Communications District Number One.

Reporting the Bossier Parish Communications District Number One as a Whole

Our analysis of the Bossier Parish Communications District Number One as a whole begins on page 9. One of the most important questions asked about the Bossier Parish Communications District Number One's finances is "Is the Bossier Parish Communications District Number One as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the Bossier Parish Communications District Number One as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Bossier Parish Communications District Number One's *net assets* and changes in them. You can think of the Bossier Parish Communications District Number One's net assets – the difference between assets and liabilities – as one way to measure the Bossier Parish Communications District Number One's financial health, or *financial position*. Over time, *increases* or *decreases* in the Bossier Parish Communications District Number One's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the Bossier Parish Communications District Number One as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the Bossier Parish Communications District Number One are reported here which consists primarily of personal services, materials and supplies, contractual and other services, and other program services. Telephone tariffs / sur-charges finance most of these activities.

Reporting the District's Most Significant Funds

Our analysis of the major funds maintained by the Bossier Parish Communications District Number One begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the Bossier Parish Communications District Number One– not the Bossier Parish Communications District Number One as a whole. The Bossier Parish Communications District Number One's *governmental funds* use the following accounting approaches:

Governmental funds – All of the Bossier Parish Communications District Number One's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be

converted to cash. The governmental fund statements provide a detailed *short-term view* of the Bossier Parish Communications District Number One's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Bossier Parish Communications District Number One expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

THE BOSSIER PARISH COMMUNICATIONS DISTRICT NUMBER ONE AS A WHOLE

The Bossier Parish Communications District Number One's total net assets changed from a year ago, increasing from \$2,342,342 to \$2,704,629. The December 31, 2003, year was the first period that GASB Statement 34 was applied. The Bossier Parish Communications District Number One was not required to restate the prior periods for purposes of providing comparative data. However, our analysis below will focus on key elements of the total governmental funds for the December 31, 2003 year. In future years, when prior year information is available, a comparative analysis of the funds maintained by the Bossier Parish Communications District Number One will be presented.

**Table 1
Net Assets**

	Governmental Activities <u>2003</u>
Current and other assets	\$ 2,323,812
Capital assets	<u>387,005</u>
Total assets	<u>2,710,817</u>
Current liabilities	<u>6,188</u>
Total liabilities	<u>6,188</u>
Net assets:	
Investments in capital assets, net of related debt	387,005
Unrestricted	<u>2,317,624</u>
Total net assets	<u><u>\$ 2,704,629</u></u>

Net assets of the Bossier Parish Communications District Number One's governmental activities increased by \$362,287 or 15%. Unrestricted net assets, the part of net assets that can be used to finance Bossier Parish Communications District Number One expenses without constraints or other legal requirements, were virtually unchanged from a year

ago, increasing from \$1,923,247 at December 31, 2002 to \$2,317,624 at December 31, 2003.

Table 2
Change in Net Assets

	<u>Governmental Activities 2003</u>
Revenues	
General Revenues	
Telephone tariffs and cellular phone revenues	\$ 1,008,090
Miscellaneous revenues	20
Interest income	<u>42,245</u>
Total revenues	1,050,355
Expenses	
Public safety	<u>688,068</u>
Increases in net assets	<u>\$ 362,287</u>

Total revenues increased \$145,389 (16%) from total revenues in the year ended December 31, 2002 of \$904,966 to total revenues of \$1,050,355 in the year ended December 31, 2003.

A large part of the increase was due to an increase in the cellular phone industry, generating increased cellular sur-charges for the district.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a *combined* fund balance of \$2,317,624, which is higher than last year's fund balance of \$1,923,247. The primary reasons for the excess mirror the governmental activities analysis highlighted on pages 5 and 6.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2003. There was one amendment to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 24. Highlights for the year are as follows:

- Contingency funds budgeted under enhanced reserves were used to pay \$125,000 in settlement of a lawsuit.

- Capital outlay reflected a sum of \$150,000 for implementation of Phase I and Phase II. We have remained prepared to act as soon as this technology was available in Bossier Parish. Unfortunately, the wireless providers were not prepared to deliver the service in 2003.

The District's General Fund balance of \$2,317,624 reported on page 11 differs from the General Fund's *budgetary* fund balance of \$2,221,166 reported in the budgetary comparison schedule on page 24. This is primarily due to the District budgeting on the cash basis of accounting.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2003, the Bossier Parish Communications District Number One had invested \$387,005 in capital assets. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	Governmental Activities <u>2003</u>
Land	\$ 20,000
Construction in progress	6,188
Buildings	324,003
Equipment	26,217
Vehicles	<u>10,597</u>
Total	<u>\$ 387,005</u>

This year's major additions included:

Construction in progress	\$ 6,188
Tower	<u>3,049</u>
Total	<u>\$ 9,237</u>

More detailed information about the capital assets are presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Bossier Parish Communications District Number One's management considered many factors when setting a fiscal year December 31, 2004 budget. The 2004 budget reflects a new Regional Interagency Communication Room shared by local, state and federal agencies. Amounts available for appropriation in the governmental funds are expected to increase due to the increase in revenues generated from the rapidly-growing cellular industry, as well as grants received from Homeland Security and 9-1-1.

Expenditures for 2004 will increase due to costs of equipment, antennas, and wiring renovations necessary for implementation of phase I and phase II. Building renovations will also be necessary to accommodate these changes. In addition, beginning in 2004 and continuing into the future, we will have a much larger cost to Bell South because of added Cad and Mapping capabilities, plus our data-base cost that continues to rise due to growth in Bossier Parish. We will also incur new database expenses with the wireless companies for services delivered with the longitude and latitude for each call. Enhancements will be looked at as needed from this point.

Bossier Parish Communications District Number One has sufficient funds available to undertake these additions / improvements to continue our service to the citizens of Bossier Parish.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Bossier Parish Communications District Number One and to show the Bossier Parish Communications District Number One's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administrator of Bossier Parish Communication District #1 at P.O. Box 847, Benton, Louisiana 71006.

Bossier Parish Communications District Number One
Benton, Louisiana
Statement of Net Assets
December 31, 2003

ASSETS

Cash and cash equivalents	\$ 1,210,621
Investments	1,010,546
Accounts receivable - telephone tariffs	87,448
Accrued interest receivable	15,197
Capital assets (net)	<u>387,005</u>
 Total assets	 <u>2,710,817</u>

LIABILITIES

Accounts payable	<u>6,188</u>
Total liabilities	<u>6,188</u>

NET ASSETS

Investment in capital assets	387,005
Unrestricted	2,317,624
 Total net assets	 <u>\$ 2,704,629</u>

See accompanying notes to the basic financial statements.

Bossier Parish Communications District Number One
 Benton, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2003

GOVERNMENTAL ACTIVITIES

Expenses:

Public Safety

Personal services	\$ 425,659
Materials and supplies	18,260
Contractual and other services	202,822
Depreciation	33,355
Other program services	7,972
Total expenses	<u>688,068</u>

General revenues:

Telephone tariffs	532,449
Cellular phone revenue	475,641
Interest Income	42,245
Other revenues	20
Total general revenues	<u>1,050,355</u>

Change in net assets	362,287
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Net assets - beginning, restated	<u>2,342,342</u>
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Net assets - ending	<u>\$ 2,704,629</u>
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See accompanying notes to the basic financial statements.

Bossier Parish Communications District Number One
Benton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2003

	General Fund
Assets	
Cash	\$ 1,210,621
Investments	1,010,546
Accounts receivable - telephone tariffs	87,448
Accrued interest receivable	15,197
	\$ 2,323,812
 Liabilities	
Accounts payable	\$ 6,188
Total liabilities	6,188
 Fund balances	
Unreserved	2,317,624
Total fund balances	2,317,624
 Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	387,005
 Net assets of governmental activities	\$ 2,704,629

See accompanying notes to the basic financial statements.

Bossier Parish Communications District Number One
Benton, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	General Fund
Revenues	
Telephone tariffs	\$ 532,449
Cellular phone revenue	475,641
Interest income	42,245
Other income	20
	1,050,355
Expenditures	
Operations	
Personal services	425,659
Materials and supplies	18,260
Contractual and other services	202,822
Capital outlay	9,237
	655,978
Excess of revenues over expenditures	394,377
Fund balances at beginning of year	1,923,247
Fund balances at end of year	\$ 2,317,624

See accompanying notes to the basic financial statements.

**Bossier Parish Communications District Number One
Benton, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2003**

Net change in fund balances - total governmental funds **\$ 394,377**

**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 and reported as depreciation expense. This is the amount by which depreciation (\$33,355) exceeded capital outlays (\$9,237) in the current period. (24,118)

Governmental funds report only 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 loss on the disposal of fixed assets. There were no proceeds. (7,972)

Change in net assets of governmental activities **\$ 362,287**

See accompanying notes to the basic financial statements.

Bossier Parish Communications District Number One
Benton, Louisiana
Notes to Financial Statements
December 31, 2003

INTRODUCTION

The Bossier Parish Communications District Number One (the "District") was created by the Bossier Parish Police Jury by ordinance on December 10, 1985, as authorized by Louisiana Revised Statute (R.S.) 33:9101. The District is comprised of property within the Parish of Bossier and is governed by a board of commissioners. Three of the Commissioners are appointed by the Bossier Parish Police Jury and the remaining four are appointed by the City of Bossier and ratified by the Bossier Parish Jury. The Board of Commissioners received no compensation during 2003. The District constitutes a political subdivision of the State of Louisiana and is a component unit of the Bossier Parish Police Jury. The purpose of the District is to provide a primary three-digit emergency telephone number (911) and related support system for Bossier Parish.

(1) Summary of Significant Accounting Policies

The Bossier Parish Communications District Number One's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Bossier Parish Communications District Number One are discussed below.

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 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 Bossier Parish Communications District Number One's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Bossier Parish Communications District Number One'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 Bossier Parish Communications District Number One has elected to implement the general provisions of the Statement in the current year.

A. Reporting Entity

The District is a component unit of the Bossier Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

(Continued)

Bossier Parish Communications District Number One
Benton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

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

B. Basic Financial Statements – Government-Wide Statements

The Bossier Parish Communications District Number One's basic financial statements include both government-wide (reporting the funds maintained by the Bossier Parish Communications District Number One as a whole) and fund financial statements (reporting the Bossier Parish Communications District Number One's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Bossier Parish Communications District Number One's general fund is classified as governmental activities. The Bossier Parish Communications District Number One does not have any business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The Bossier Parish Communications District Number One's net assets are reported in two parts – invested in capital assets (net of related debt), and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Bossier Parish Communications District Number One's functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The District had no program revenues. The net costs (by function) are covered by general revenues.

This government-wide focus is more on the sustainability of the Bossier Parish Communications District Number One as an entity and the change in the Bossier Parish Communications District Number One's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Bossier Parish Communications District Number One are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

(Continued)

Bossier Parish Communications District Number One
Benton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

The following fund types are used by the Bossier Parish Communications District Number One:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Bossier Parish Communications District Number One:

- a. General funds are the general operating funds of the Bossier Parish Communications District Number One. They are used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 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 District's general fund was determined to be a major fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Bossier Parish Communications District Number One consist principally of telephone tariffs charged to residential and commercial customers on their monthly telephone bills, sur-charges assessed by cellular phone companies on all cellular customers, interest income, and donations. Telephone tariffs and sur-charges on cellular customers are recorded when assessed by the phone companies. Interest income is recorded when earned. Donations are recorded when received in cash, because they are generally not measurable until actually received.

(Continued)

Bossier Parish Communications District Number One
Benton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

2. **Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under 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. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. **Budgets**

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Board of Commissioners in September of each year and is made available for public inspection.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the Board of Commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for all funds. There was one amendment to the 2003 budget.

F. **Cash, Cash Equivalents, and Investments**

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost, which approximates market.

(Continued)

Bossier Parish Communications District Number One
Benton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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:

Buildings	13 – 35 years
Vehicles	8 – 13 years
Equipment	4 – 15 years

H. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Employees of the District earn from 5 to 20 days of vacation leave each year, depending on their lengths of service, and 10 days of sick leave. Vacation and sick leave do not accumulate; therefore, there were no employee leave benefits requiring recognition at December 31, 2003. The cost of leave privileges, computed in accordance with the above policy, is recognized as a current-year expenditure when leave is actually taken.

I. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

J. Telephone Tariffs and Cellular Phone Revenue

The District's primary revenue source is the telephone tariff collected by area telephone companies. Tariffs of \$.66 and \$1.82 are charged to their residential and commercial customers, respectively, on their monthly telephone bills. Beginning in 1995, cellular service providers begin assessing their cellular customers \$.40 per month per user. During 1997, new legislation was passed and went into effect requiring cellular companies to pay a sur-charge of \$.85 for all customers. The legislation also granted communication districts the authority to convert from a tariff rate to a flat/fixed rate equal to that allowed by tariff rate. The District passed a resolution during September, 1997 enacting the legislative changes. The revenues are dedicated to the operations of the emergency telephone systems. Revenue is recorded as it is earned.

(Continued)

Bossier Parish Communications District Number One
Benton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

(2) Cash and Cash Equivalents

At December 31, 2003, the District had cash and cash equivalents (book balances) totaling \$1,210,621 in interest bearing demand deposits and money market accounts.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the District had \$1,249,494 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$1,149,494 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 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 District that the fiscal agent has failed to pay deposited funds upon demand.

(3) Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities, held by the counterpart, or by its trust department or agent but not in the District's name

At December 31, 2003, the District had investments totaling \$1,010,546 consisting of U.S. Treasury Bills and Notes. The market value of this particular type of investment is not materially different from its carrying amount. The investments are in the name of the District and are held by the District's fiscal agent. The investments are considered category 1 in applying the credit risk of GASB.

(Continued)

Bossier Parish Communications District Number One
Benton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

(4) Capital Assets

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

	<u>Balance at Jan. 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Dec. 31, 2003</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in progress	-	6,188	-	6,188
Total capital assets, not being depreciated	<u>20,000</u>	<u>6,188</u>	<u>-</u>	<u>26,188</u>
Capital assets, being depreciated:				
Buildings	504,014	-	-	504,014
Equipment	113,840	3,049	(48,713)	68,176
Vehicles	33,551	-	-	33,551
Total capital assets, being depreciated at historical cost	<u>651,405</u>	<u>3,049</u>	<u>(48,713)</u>	<u>605,741</u>
Less accumulated depreciation:				
Buildings	(159,086)	(20,925)	-	(180,011)
Equipment	(74,034)	(8,666)	40,741	(41,959)
Vehicles	(19,190)	(3,764)	-	(22,954)
Total accumulated depreciation	<u>(252,310)</u>	<u>(33,355)</u>	<u>40,741</u>	<u>(244,924)</u>
Total capital assets, being depreciated, net	<u>399,095</u>	<u>(30,306)</u>	<u>(7,972)</u>	<u>360,817</u>
Governmental activities capital assets, net	<u>\$ 419,095</u>	<u>\$ (24,118)</u>	<u>\$ (7,972)</u>	<u>\$ 387,005</u>

Depreciation expense for the year ended December 31, 2003, was \$33,355. No prior accumulated depreciation was calculated on capital assets disposed of as of January 1, 2003, for purposes of GASB 34 conversion.

(Continued)

Bossier Parish Communications District Number One
Benton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

(5) Pension Plan

Substantially, all employees of the District are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from District funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System under Plan A for the years ending December 31, 2003, 2002, and 2001, were \$23,258, \$20,947, and \$19,510, respectively, equal to the required contributions for each year.

(Continued)

Bossier Parish Communications District Number One
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2003
 (Continued)

(6) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(7) Leases

For the year ended December 31, 2003, the district had one operating lease on equipment that is utilized by the district. Lease payments on this lease for the year ended December 31, 2003 were \$1,188. The minimum annual commitments under noncancelable operating leases are as follows:

Year Ending December 31,		
2004	\$	1,188
2005		1,188
2006		1,188
2007		396
	\$	3,960

(8) Prior Year Restatement

In January, 2003, the District implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." Statement No. 34 requires reporting capital assets net of accumulated depreciation in the government-wide financial statements. The impact of the restatement on the governmental funds is as follows:

Fund Balance, December 31, 2002	\$	1,923,247
Adjustment to capitalize assets and record beginning accumulated depreciation on those assets as of December 31, 2002		419,095
Governmental activities net assets, December 31, 2002	\$	2,342,342

(Continued)

Bossier Parish Communications District Number One
Benton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

(9) Commitments

After December 31, 2003, The District entered into agreements – contracts for construction and renovation of building space and equipment updates. Total commitments were approximately \$500,000.

Bossier Parish Communications District Number One
 Benton, Louisiana
 Required Supplementary Information
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-
 Budget (Cash Basis) and Actual
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Telephone tariffs	\$ 741,000	\$ 741,000	\$ 998,450	\$ 257,450
Interest	50,000	50,000	35,144	(14,856)
Other income			20	20
	<u>791,000</u>	<u>791,000</u>	<u>1,033,614</u>	<u>242,614</u>
Expenditures				
Operations				
Personal services	464,500	464,500	425,659	38,841
Materials and supplies	25,300	25,300	12,038	13,262
Contractual and other	268,300	268,300	202,543	65,757
Claims expenditures			125,000	(125,000)
Capital outlay	150,000	150,000	9,272	140,728
	<u>908,100</u>	<u>908,100</u>	<u>774,512</u>	<u>133,588</u>
Excess of revenues over (under) expenditures	(117,100)	(117,100)	259,102	376,202
Fund balances at beginning of year	1,548,000	1,616,580	1,962,064	345,484
Fund balances at end of year	<u>\$ 1,430,900</u>	<u>\$ 1,499,480</u>	<u>\$ 2,221,166</u>	<u>\$ 721,686</u>

The accompanying notes are an integral part of this statement.

**Bossier Parish Communications District Number One
Benton, Louisiana
Note to Required Supplementary Information
December 31, 2003**

The District's budget is adopted on a cash basis for all funds. There was one amendment to the 2003 budget. The budget comparison schedule included in the accompanying financial statements includes the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 259,102
Adjustments:	
Revenue accruals – net	16,741
Expenditure accruals – net	<u>118,534</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 394,377</u>

Bossier Parish Communications District Number One
Benton, Louisiana

Supplementary Information
In Accordance with Louisiana Revised Statute 33:9101

For the Years Ended December 31, 1998, 1999, 2000, 2001, 2002, and 2003
(Unaudited)

The District assesses a 9-1-1 surcharge fee for cellular and other wireless services. The assessment of the wireless 9-1-1 surcharge fee was approved to fund, along with other funding sources, implementation of FCC ordered enhancements to E-911 systems. The District is currently engaging in contract negotiations with the wireless service providers within Bossier Parish to ascertain the total costs associated with the implementation of Phase 1 of the FCC order 94-102.

Total revenues derived from wireless service providers in Bossier Parish for the years ended December 31, 1998, 1999, 2000, 2001, 2002, and 2003 are as follows:

1998	\$ 153,802
1999	194,193
2000	180,576
2001	283,671
2002	309,369
2003	<u>475,641</u>
	<u>\$ 1,597,252</u>

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Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

To the Members of the
Board of Commissioners
Bossier Parish Communications
District Number One

We have audited the basic financial statements of Bossier Parish Communications District Number One as of and for the year ended December 31, 2003, and have issued our report thereon dated February 4, 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 Bossier Parish Communications District Number One's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bossier Parish Communications District Number One'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 basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and others within the organization 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.



Cook & Morehart
Certified Public Accountants
February 4, 2004

Bossier Parish Communications District Number One
Benton, Louisiana
Summary Schedule of Audit Findings
December 31, 2003

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2002.

Corrective Action Plan for Current Year Audit Findings

There were no management letter comments or findings for the current year audit for the year ended December 31, 2003.