



Livingston Parish Communications District

Annual Financial Statements

As of and for the Year Then Ended December 31, 2008
With Supplemental Information Schedules

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 7/22/09



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Livingston Parish Communications District
Annual Financial Statements
As of and for the Year Ended December 31, 2008
With Supplemental Information Schedules

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Livingston Parish Communications District
Annual Financial Statements
As of and for the Year Ended December 31, 2008
With Supplemental Information Schedules

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Independent Auditor's Report

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Satsuma, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the Livingston Parish Communications District as of and for the year ended December 31, 2008, which collectively comprise the district's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Livingston Parish Communications 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund and the aggregate remaining fund information of the Livingston Parish Communications District, as of December 31, 2008, and the respective changes in the financial position when applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 13, 2009, on our consideration of the Livingston Parish Communications District's internal control over financial reporting and in our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Satsuma, Louisiana
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The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Bruce Harrell & Co." with a period at the end.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

May 13, 2009

Required Supplemental Information (Part I)
Management's Discussion and Analysis

Livingston Parish Communications District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Introduction

The Livingston Parish Communications District (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements in this report.

Financial Highlights

- At December 31, 2008, the District's government wide assets of \$1,719,673 exceeded its liabilities by \$1,478,695 (net assets). Of this amount, \$526,303 (unrestricted net assets) may be used to meet the District's ongoing obligations to its citizens.
- For the year ended December 31, 2008, the District's total government wide net assets decreased by \$8,906, before prior period adjustment.
- At December 31, 2008, the District's governmental fund reported an ending fund balance of \$542,580, an increase of \$54,551 (before prior period adjustment) for the year. Of this amount a total of \$242,580 is available for spending at the District's discretion (unreserved fund balance).
- At December 31, 2008, the District had cash and cash equivalents of \$239,161, which represents a increase of \$88,862 from December 31, 2007.
- At December 31, 2008, the District had capital assets net of accumulated depreciation of \$1,068,035.

Overview of the Annual Financial Report

The financial statement focus is on both the District as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the District's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Livingston Parish Communications District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various governmental activities that are supported by the District's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services.

In the government-wide financial statements, the District's activities are presented as:

- **Governmental activities** - The District's basic services are reported here. These activities are financed primarily by telephone tariffs in Livingston Parish to fund public safety emergency communications services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The District uses one category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the District's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of 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 District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Livingston Parish Communications District
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets in this report.

Net Assets
2008 and 2007

| | <u>Governmental Activities</u> | |
|---|--------------------------------|---------------------|
| | <u>2008</u> | <u>2007</u> |
| Assets: | | |
| Current and Other Assets | \$ 651,638 | \$ 510,593 |
| Capital Assets | 1,068,035 | 1,321,393 |
| Total Assets | <u>1,719,673</u> | <u>1,831,986</u> |
| Liabilities: | | |
| Long-Term Debt Outstanding | 11,400 | 123,361 |
| Other Liabilities | 229,578 | 313,029 |
| Total Liabilities | <u>240,978</u> | <u>436,390</u> |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | 952,392 | 1,096,290 |
| Unrestricted | 526,303 | 299,306 |
| Total Net Assets | <u>\$ 1,478,695</u> | <u>\$ 1,395,596</u> |

For the year ended December 31, 2008, approximately 36% of the District's net assets are unrestricted and may be used to meet the District's ongoing obligations to its citizens.

For the year ended December 31, 2008, approximately 64% of the District's net assets reflect its investment in capital assets.

At December 31, 2008, the District had cash and cash equivalents of \$239,161 and investments of a certificate of deposit with maturity greater than three months of \$100,000 and savings in LAMP of \$51,119 for total investments of \$151,119. This represents approximately 60% of current and other assets.

Livingston Parish Communications District

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008**

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the District's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table.

**Changes in Net Assets
For the years ended December 31, 2008 and 2007**

| | Governmental Activities | |
|---|-------------------------|--------------|
| | 2008 | 2007 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ - | \$ 85,430 |
| General Revenues: | | |
| Emergency Telephone Tariffs, net of Collection Fees | 1,215,262 | 1,185,177 |
| Intergovernmental | 100,000 | - |
| Interest Income | 7,069 | 12,281 |
| Space Rental Revenue | 40,700 | - |
| Miscellaneous | - | 71 |
| Special Items | | |
| Gain on Sale of Land | - | 34,146 |
| Insurance Proceeds | 2,451 | - |
| Total Revenues | 1,365,482 | 1,317,105 |
| Expenses: | | |
| Public Safety - Emergency Communications | 1,365,793 | 1,294,114 |
| Capital Lease Interest | 8,595 | 2,938 |
| Total Expenses | 1,374,388 | 1,297,052 |
| Change in Net Assets | (8,906) | 20,053 |
| Net Assets, Beginning | | |
| Before Prior Period Adjustments | 1,395,596 | 1,375,543 |
| Prior Period Adjustments | 92,005 | - |
| After Prior Period Adjustments | 1,487,601 | 1,375,543 |
| Net Assets, Ending | \$ 1,478,695 | \$ 1,395,596 |

The District's total revenues prior to the special item increased by \$45,926 or three percent of the prior year amount. This increase is attributed to the District receiving additional phone tariffs. However, the District's actual phone fee revenue increased by \$30,085 or three percent of the prior year's collections due to an increase in the amount of cellular and land based telephone lines registered in Livingston Parish. The 2007 numbers in the preceding year have not been changed for prior period adjustments for rental revenue, which if reflected would create a revenue increase of only \$39,372. In the prior year there was a five percent increase. Total program expenses increased by \$77,336 or six percent.

Livingston Parish Communications District

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008**

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

The general fund is the only fund of the District. At the end of the current year, the total fund balance for the general fund was \$542,580, of which was \$242,580 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance for December 31, 2008 represents 19 percent of total General Fund expenditures.

During 2008, the District's General Fund balance increased by \$54,551 (before prior period adjustment) or eleven percent.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2008 amounts to \$1,068,035 (net of depreciation). This represents a total decrease in the District's investment in capital assets for the current fiscal year of \$253,358 (net of depreciation).

The following table provides a summary of the District's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 6 to the financial statements in this report.

**Capital Assets (Net of Depreciation)
2008 and 2007**

| Capital Assets | Governmental Activities | |
|--------------------------------|--------------------------------|---------------------|
| | 2008 | 2007 |
| Land | \$ 124,597 | \$ 124,597 |
| Buildings and Improvements | 728,014 | 728,014 |
| Equipment | 1,223,035 | 1,223,035 |
| Vehicles | 19,666 | 19,666 |
| Subtotal Capital Assets | <u>2,095,312</u> | <u>2,095,312</u> |
| Less: Accumulated Depreciation | <u>(1,027,277)</u> | <u>(773,919)</u> |
| Capital Assets, Net | <u>\$ 1,068,035</u> | <u>\$ 1,321,393</u> |

Livingston Parish Communications District
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008

Long-Term Debt

At December 31, 2008, the District had total debt outstanding of \$116,164. Of this total, \$116,164 is due within one year. The following table provides a summary of the District's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 8 to the financial statements in this report.

Outstanding Debt
2008 and 2007

| | Governmental Activities | |
|------------------------|------------------------------------|-------------------|
| | 2008 | 2007 |
| Capital Leases | \$ 115,643 | \$ 225,103 |
| Installment Payable | 521 | 79,341 |
| | | |
| Total Outstanding Debt | \$ 116,164 | \$ 304,444 |

Other Factors Affecting the District

The Livingston Parish Communications District's management approach is conservative and prudent. The board attempts to provide mandated services while aiming towards showing a budget surplus. In the past, the surplus of funds was committed to the development of a new "911" communications facility where the District could consolidate the Parish's emergency communication needs to result in quicker response times. This new facility was completed and opened in February 2005. The District has since seen a large increase in expenses, due to payroll and basic overhead. The District has been, and is currently attempting to find additional sources of revenue, as well as increase the revenues it is currently collecting.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, creditors and investors with a general overview of the District's finances and show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Ronnie Cotton, Executive Director, Livingston Parish Communications District, Post Office Box 1117, Denham Springs, LA 70727 or (225) 686-3232 or (225) 328-1633.

Basic Financial Statements
Government-Wide Financial Statements

Livingston Parish Communications District
Statement of Net Assets
As of December 31, 2008

Statement A

| | | <u>Primary Governmental Activities</u> |
|---|-----------|--|
| Assets | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ | 239,161 |
| Investments | | 151,119 |
| Receivables, Net: | | |
| Accounts | | 245,196 |
| Prepaid and Other Assets | | 16,162 |
| Total Current Assets | | <u>651,638</u> |
| Capital Assets: | | |
| Land | | 124,597 |
| Capital Assets, Net | | 943,438 |
| Total Capital Assets | | <u>1,068,035</u> |
| Total Assets | | <u>1,719,673</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts Payable | | 43,031 |
| Accrued Interest Payable | | 4,356 |
| Other Accrued Payables | | 66,027 |
| Capital Leases | | 115,643 |
| Installment Payable | | 521 |
| Total Current Liabilities | | <u>229,578</u> |
| Long Term Liabilities: | | |
| Capital Leases | | - |
| Compensated Absences Payable | | 11,400 |
| Total Long Term Liabilities | | <u>11,400</u> |
| Total Liabilities | | <u>240,978</u> |
| Net Assets | | |
| Invested in Capital Assets, Net of Related Debt | | 952,392 |
| Unrestricted | | 526,303 |
| Total Net Assets | \$ | <u><u>1,478,695</u></u> |

The accompanying notes are an integral part of this statement.

Livingston Parish Communications District
Statement of Activities
For the year ended December 31, 2008

Statement B

| | | <u>Program Revenues</u> | | <u>Net (Expenses) Revenues and Changes in Net Assets</u> |
|---|------------------|-----------------------------|--------------------------------|--|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Net (Expenses) Revenues</u> | <u>Governmental Activities</u> |
| Governmental Activities | | | | |
| Public Safety - Emergency Communications | \$ 1,365,793 | \$ - | \$ (1,365,793) | \$ (1,365,793) |
| Capital Lease Interest | 8,595 | - | (8,595) | (8,595) |
| Total Governmental Activities | <u>1,374,388</u> | <u>-</u> | <u>(1,374,388)</u> | <u>(1,374,388)</u> |
| General Revenues: | | | | |
| Emergency Telephone Tariffs, net of Collection Fees | | | | 1,215,262 |
| Intergovernmental | | | | 100,000 |
| Interest Income | | | | 7,069 |
| Space Rental Revenue | | | | 40,700 |
| Miscellaneous | | | | - |
| Total General Revenues | | | | <u>1,363,031</u> |
| Special Items | | | | |
| Insurance Proceeds | | | | <u>2,451</u> |
| Change in Net Assets | | | | <u>(8,906)</u> |
| Net Assets - Beginning | | | | 1,395,596 |
| Prior Period Adjustments (Note 11) | | | | 92,005 |
| Net Assets - Beginning (Restated) | | | | <u>1,487,601</u> |
| Net Assets - Ending | | | | <u>\$ 1,478,695</u> |

The accompanying notes are an integral part of this statement.

Basic Financial Statements
Fund Financial Statements

Livingston Parish Communications District
Balance Sheet, Governmental Funds
As of December 31, 2008

Statement C

| | | <u>General Fund</u> |
|---|---------------|---------------------------|
| Assets | | |
| Cash and Equivalents | \$ | 239,161 |
| Investments | | 151,119 |
| Receivables, Net: | | |
| Accounts | | 245,196 |
| Prepaid and Other Assets | | 16,162 |
| Total Assets | \$ | <u>651,638</u> |
| Liabilities and Fund Balances | | |
| Liabilities: | | |
| Accounts Payable | \$ | 43,031 |
| Other Accrued Liabilities | | 66,027 |
| Total Liabilities | | <u>109,058</u> |
| Fund Balances: | | |
| Unreserved Fund Balances | | 242,580 |
| Reserved Fund Balance for Replacement of Equipment and Facilities | | 300,000 |
| Total Fund Balances | | <u>542,580</u> |
| Total Liabilities and Fund Balances | \$ | <u>651,638</u> |

The accompanying notes are an integral part of this statement.

Statement D

**Livingston Parish Communications District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
As of December 31, 2008**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

| | | |
|--|----|---------|
| Fund Balances, Total Governmental Funds (Statement C) | \$ | 542,580 |
|--|----|---------|

Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.

| | | |
|---|--|-----------|
| Governmental capital assets net of depreciation | | 1,068,035 |
|---|--|-----------|

Long-term liabilities including capital leases payables and the related accrued interest and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.

| | | |
|---|--|-----------|
| Installment Payable | | (521) |
| Current portion of Longterm Liabilities | | (115,643) |
| Accrued Interest Payable | | (4,356) |
| Compensated Absences Payable | | (11,400) |
| | | (11,400) |

| | | |
|--|----|------------------|
| Net Assets of Governmental Activities (Statement A) | \$ | <u>1,478,695</u> |
|--|----|------------------|

The accompanying notes are an integral part of this statement.

Statement E

Livingston Parish Communications District
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended December 31, 2008

| | |
|--|--------------------------|
| Revenues | |
| Charges, net | |
| Emergency telephone charges | \$ 1,232,378 |
| Collector Fees | <u>(17,116)</u> |
| Total Charges, net | 1,215,262 |
| Grants | 100,000 |
| Interest | 7,069 |
| Miscellaneous - Space Rental Income | <u>40,700</u> |
| Total Revenues | <u>1,363,031</u> |
| Expenditures | |
| Public Safety - Emergency Communications | |
| Salaries and payroll taxes | 584,782 |
| Benefits | 181,508 |
| Communications | 101,730 |
| Contract Labor | 23,539 |
| Insurance | 21,190 |
| Mapping | 43,527 |
| Other operating | 12,093 |
| Professional Fees | 66,074 |
| Repairs and Maintenance | 17,157 |
| Supplies | 13,968 |
| Travel and Training | 10,768 |
| Utilities | 32,417 |
| Capital Outlays | - |
| Debt Service | |
| Principal | 189,460 |
| Interest | <u>12,718</u> |
| Total Expenditures | <u>1,310,931</u> |
| Excess (Deficiency) of Revenues Over (Under) (Expenditures) | <u>52,100</u> |
| Special Items | |
| Insurance Proceeds | <u>2,451</u> |
| Total Special Items | <u>2,451</u> |
| Net Change in Fund Balances | <u>54,551</u> |
| Fund Balances, Beginning | |
| Before Prior Period Adjustments | 394,844 |
| Prior Period Adjustments (Note 11) | <u>93,185</u> |
| Fund Balances, Beginning After Prior Period Adjustments | 488,029 |
| Fund Balances, Ending | <u>\$ 542,580</u> |

The accompanying notes are an integral part of this statement.

Livingston Parish Communications District
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, 2008

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

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 54,551

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

| | | | |
|---------------------------------|----|------------------|-----------|
| Expenditures for capital assets | \$ | - | |
| Less: | | | |
| Current year depreciation | | <u>(253,358)</u> | (253,358) |

Compensated Absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the statement of activities. (3,682)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased since the prior year. 4,123

Repayment of capital lease principal is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net assets.

| | | | |
|-------------------------------------|--|----------------|--|
| Principal payments - capital leases | | <u>189,460</u> | |
|-------------------------------------|--|----------------|--|

Change in Net Assets of Governmental Activities, Statement B \$ (8,906)

The accompanying notes are an integral part of this statement.

Basic Financial Statements
Notes to the Financial Statements

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

Introduction

The Livingston Parish Communications District (the Communications District), was created by an ordinance of the Livingston Parish Council on September 4, 1991, pursuant to the provisions of Louisiana Statute (LSA-RS) 33:9101-9106. The Communication District was organized to provide emergency telephone services and maintain the facilities and equipment necessary to provide those emergency telephone services (911) to residents of the entire parish of Livingston, Louisiana.

The members of the Board of Directors of the Livingston Parish Communications District are appointed by the Livingston Parish Council and there are no set term limits for the Board Members. The Board members receive per diem payments for attending meetings.

In 2003, the Livingston Parish Communications District began construction of a state of the art facility to house the operation of the Communications District. The Livingston Parish Communications District purchased a parcel of land with an existing building in Satsuma, Louisiana. The District renovated and customized the existing building to the needs and requirements of the Homeland Security Act. In November of 2004, the Communications District began occupying the facility and started installing and configuring the telephone and computer systems. On February 3, 2005, the Communications District began providing emergency telephone services at the new facility in Satsuma.

The Livingston Parish Communications District has allowed the Livingston Parish Sheriff's Office to house its Communications Department at the facility in Satsuma. The Livingston Parish Sheriff has provided the necessary equipment, hardware and personnel to fully staff and operate the Sheriff's communications department. The Sheriff's Department in turn helps with call taking and dispatching when the Communications District has the need. Currently the Communication District has eighteen full-time employees, consisting of eighteen call takers/ dispatchers, an assistant director and a director.

Pursuant to Act 1029 of the Regular Session of the Legislature, the Communications District is authorized to establish an emergency telephone service charge of 85 cents per wireless user per month for users of CMRS (Commercial Mobile Radio Service) who can access the 911 telephone system. 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 Communication Commission in Matter #94-102. Phase I of the FCC Matter requires the implementation of necessary enhancements that will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the communication district (911 communications center) when such a caller accesses the 911 system. Proceeds from the monies collected pursuant to Act 1029 will be used first for payment of wireless service supplier's and the districts' s cost associated with the implementation of enhancements required in Phase I, allowing the District to receive the telephone number of the device accessing the 911 system. Phase II, allows the District to receive the telephone number and the address registered to that number. As delineated within the Act, each district shall enter a cooperative endeavor agreement with each wireless service supplier to implement the enhancements required by FCC Matter 94-102. The District is currently in Phase II of implementation.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Livingston Parish Communications District have been prepared in conformity with generally accepted accounting principles (GAAP) 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.

B. Fund Accounting

The Communications District uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Telephone tariffs are recognized when earned. Grants and similar items are recognized as revenue, as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

The governmental fund uses the following practices in recording revenues and expenditures:

Revenues

Telephone tariffs are recorded in the year the fees are charged. Telephone tariffs are charged monthly to the customer's telephone bill by various telephone companies. The telephone companies remit the collections to the Livingston Parish Communications District in the subsequent month. Interest revenue represents amounts earned on checking accounts and certificates of deposit invested with financial institutions. Interest earned on checking accounts is recorded when received. Interest earned on certificates of deposit is recorded when the certificates mature and the interest is available.

In 2008, the Livingston Parish Communications District received rent and back rent charged to the Livingston Parish Sheriff's Office and the Livingston Parish Council. The Livingston Parish Council houses their Office of Emergency Preparedness on the Communications District's property. These agencies are charged rent on a quarterly basis and rent was paid retroactively back to the date at which the respective agencies began using the Communication District's property. A prior period adjustment has been made to record the revenue applicable to prior periods regarding this rent and is further described in footnote 11.

Expenditures

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

Other Financing Sources (Uses)

Proceeds from the sale of fixed assets are accounted for as other financing sources and are recognized when received. Transfers between funds that are not expected to be repaid (and any other financing source / use) are accounted for as other financing sources (uses). The Communication District has no operating transfers, since it has only one fund.

D. Cash, Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the District are reported at fair market value. The Louisiana Asset Management Pool, (LAMP), operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

E. Capital Assets

Capital assets, which include property, equipment, and vehicles, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The district maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|--------------------------|------------------------|
| Buildings & Improvements | 20 - 40 Years |
| Equipment | 5 Years |
| Vehicles | 5 Years |

F. Compensated Absences

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

All full time employees are entitled to annual vacation and sick leave with pay. In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave and sick leave is not payable upon termination. Vacation and sick leave accrue as follows:

| | <u>Minimum Years of Service</u> | | | | |
|--|---------------------------------|----------------|-----------------|-----------------|------------|
| | <u>0 to 4</u> | <u>5 to 10</u> | <u>10 to 15</u> | <u>15 to 20</u> | <u>20+</u> |
| Vacation Leave | | | | | |
| Amount of leave earned per pay period in hours | 2.31 | 3.23 | 4.16 | 5.08 | 6.46 |
| Estimated Annual leave earned in hours | 60.06 | 83.98 | 108.16 | 132.08 | 167.96 |
| | <u>1 to 4</u> | <u>4+</u> | | | |
| Sick Leave | | | | | |
| Amount of leave earned per pay period in hours | 3.50 | 6.00 | | | |
| Estimated Annual leave earned in hours | 91.00 | 156.00 | | | |

Employees begin to accrue vacation and sick leave from the first day of employment but are not able to use any vacation leave until after a six month introductory period. Vacation is payable up to 160 hours at termination.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations, such as capital leases, are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

H. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

I. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the district, which are either unusual in nature or infrequent in occurrence.

K. Estimates

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

L. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

2. Stewardship, Compliance and Accountability

The Communication District prepares its budget on the modified accrual basis of accounting in accordance with generally accepted accounting principals (GAAP). The budget is legally adopted and amended, as necessary by the board of commissioners. The annual budget was amended for the fiscal year 2008. A summary of the budget practices of the Communication District are as follows:

1. The Communication District's finance director prepares the annual budget and submits the proposed budget to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year. The budgets for the fiscal year 2008, were presented to the Board of Commissioners in December prior to the beginning of the year of which the budget applies.
2. A summary of the proposed budget is published in the official journal and the public notified that the proposed budget is available for public inspection at the Parish President / Council's office in Livingston. At the time the proposed budget is published, a public hearing is called. The proposed budget was published in December, prior to the beginning of the year of which the budget applies.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and taking all action necessary to finalize and implement the budget for the ensuing fiscal year, the proposed budget if formally adopted by the Board of Commissioners.

All expenditure appropriations lapse at year end. Unexpected appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

3. Cash and Cash Equivalents

At December 31, 2008, the District has cash and cash equivalents (book balances) as follows:

| | December 31, 2008 | December 31, 2007 |
|----------------------------------|------------------------------|------------------------------|
| Interest-bearing demand deposits | \$ 216,635 | \$ 130,525 |
| Savings | <u>22,526</u> | <u>19,774</u> |
| | <u>\$ 239,161</u> | <u>\$ 150,299</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

At December 31, 2008, the district has \$260,951 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$10,951 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 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.

4. 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 counterparty, or by its trust department or agent but not in the District's name

All investments held by the District fall into category 1 credit risk, defined as "insured or registered, or securities held by the District or its agent in the District's name." In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

At December 31, 2008, the District's investment balances were as follows:

| | Carrying Amount | Fair Market Value |
|---|----------------------------|------------------------------|
| Certificates of Deposit with original maturities greater than 90 days | \$ 100,000 | \$ 100,000 |
| Louisiana Asset Management Pool | 51,119 | 51,119 |
| | \$ 151,119 | \$ 151,119 |

All investments are stated on the balance sheet (carrying value) at market value. All investments are in the name of the District and are held at the District's office. Because these investments are in the name of the District and are held by the District or the District's agent, the investments are considered insured and registered, Category (1), in applying the credit risk of GASB Codification Section I50.164.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

In accordance with GASB Codification Section I50.165, the investment in the Louisiana Asset Management Pool (LAMP) at December 31, 2008, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Acct 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The fair value of LAMP investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

5. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available.

The Communications District had a class of receivables for telephone tariffs due at December 31, 2008 in the amount of \$232,979. These receivables have been stated net of a one percent collection charge from the telephone companies for acting as an agent for the District in collecting the telephone tariffs from the end users. The Communications District has a receivable due from the Office of Emergency Preparedness for \$2,944 for a phone line that was set up and used by the Office of Emergency Preparedness, but was paid for by the Livingston Parish Communications District. This receivable was set up to show the amount owed by OEP to the Communications District for a phone line that was set up and used by OEP and was paid for by the Communications District.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

The District is also showing a receivable of \$1,427 for overpayment of employer retirement contributions to Parochial Retirement, due to a change in the percent required. The District is also expecting a receivable of \$2,451 for insurance claims due to storm damage to the Communications center. There are other miscellaneous receivables of \$5,395.

6. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2008 for governmental activities is as follows:

| Governmental Activities Capital Assets: | <u>Beginning</u> | | <u>Increases</u> | | <u>Decreases</u> | | <u>Ending</u> |
|--|---------------------|---------------------|------------------|-------------|------------------|---------------------|------------------|
| | <u>Balance</u> | | <u>Increases</u> | | <u>Decreases</u> | | <u>Balance</u> |
| Capital Assets Not Being Depreciated: | | | | | | | |
| Land | \$ 124,597 | \$ - | | \$ - | | \$ 124,597 | |
| Total Capital Assets Not Being Depreciated | <u>124,597</u> | | <u>-</u> | | <u>-</u> | | <u>124,597</u> |
| Capital Assets Being Depreciated: | | | | | | | |
| Buildings and Improvements | 728,014 | - | | - | | 728,014 | |
| Equipment | 1,223,035 | - | | - | | 1,223,035 | |
| Vehicles | 19,666 | - | | - | | 19,666 | |
| Total Capital Assets Being Depreciated | <u>1,970,715</u> | | <u>-</u> | | <u>-</u> | | <u>1,970,715</u> |
| Less Accumulated Depreciation for: | | | | | | | |
| Buildings and Improvements | 58,534 | 20,260 | | - | | 78,794 | |
| Equipment | 704,241 | 229,165 | | - | | 933,406 | |
| Vehicles | 11,144 | 3,933 | | - | | 15,077 | |
| Total Accumulated Depreciation | <u>773,919</u> | <u>253,358</u> | | <u>-</u> | | <u>1,027,277</u> | |
| Total Capital Assets Being Depreciated, Net | <u>1,196,796</u> | <u>(253,358)</u> | | <u>-</u> | | <u>943,438</u> | |
| Total Governmental Activities Capital Assets, Net | <u>\$ 1,321,393</u> | <u>\$ (253,358)</u> | | <u>\$ -</u> | | <u>\$ 1,068,035</u> | |
| Depreciation was charged to governmental functions as follows: | | | | | | | |
| Public Safety - Emergency Communications | | | | | | <u>\$ 253,358</u> | |
| | | | | | | <u>\$ 253,358</u> | |

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

7. Accounts and Other Payables

The Governmental Fund payables at December 31, 2008 are as follows:

| Governmental Funds Payable | General Fund |
|--|--------------------------|
| Accounts | |
| Livingston Parish Council - Road Sales Tax | \$ 15,505 |
| Other | 27,526 |
| Other Accrued Liabilities | |
| Accrued Salaries | 32,574 |
| Accrued Retirement and other payroll liabilities | 33,453 |
| Total Government Funds Payable | \$ <u>109,058</u> |

8. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2008:

| | Governmental Activities | | | Total Long-Term Obligations |
|-------------------|--------------------------------|-----------------------------|-----------------------------|------------------------------------|
| | Motorola Capital Lease | Installment Purchase | Compensated Absences | |
| Beginning Balance | \$ 225,103 | \$ 80,521 | \$ 7,718 | \$ 313,342 |
| Additions | - | - | 3,682 | 3,682 |
| Deletions | 109,460 | 80,000 | - | 189,460 |
| Ending Balance | <u>\$ 115,643</u> | <u>\$ 521</u> | <u>\$ 11,400</u> | <u>\$ 127,564</u> |

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

| | Governmental Activities | | | Total Long-Term Obligations |
|-------------------|--------------------------------|-----------------------------|-----------------------------|------------------------------------|
| | Capital Leases | Installment Purchase | Compensated Absences | |
| Current Portion | \$ 115,643 | \$ 521 | \$ - | \$ 116,164 |
| Long-Term Portion | - | - | 11,400 | 11,400 |
| | <u>\$ 115,643</u> | <u>\$ 521</u> | <u>\$ 11,400</u> | <u>\$ 127,564</u> |

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

Long Term Obligations as of December 31, 2008 are as follows:

| | Capital Lease Payable End of Year | Due Within One Year |
|---|--|--------------------------------|
| Governmental Funds: \$519,596 original lease amount | \$ 115,643 | \$ 115,643 |
| Capital lease to finance the purchase of telecommunications equipment | | |
| Matures 5/1/2009 with an interest rate of 5.65% | | |

| | | |
|--|-----|-----|
| Governmental Funds: \$443,747 total amended installment contract amount | 521 | 521 |
| Original contract agreed to with Eatel in June of 2003, with payment due at the percentages listed below after the following events: | | |
| Contract Signature | 30% | |
| Shipment of Equipment | 30% | |
| Installation | 30% | |
| Acceptance | 10% | |

The amount owed is currently past due as all components of the contract have been completed by Eatel. Eatel agreed to accept the remaining amount due no later than September 30, 2008. A maintenance portion included in the amount owed of \$44,834 bears a monthly late fee of 1.5%. The final amount has been subsequently paid by the date of this report.

| | | |
|--|------------|------------|
| | \$ 116,164 | \$ 116,164 |
|--|------------|------------|

The annual requirements to amortize all debt outstanding at December 31, 2008, including interest payments are as follows:

| Year Ending 12/31/08 | Capital Lease | | Total |
|---------------------------------|----------------------|-----------------|--------------|
| 2009 | Principal | Interest | Total |
| 2009 | \$ 115,643 | \$ 6,534 | \$ 122,177 |

Motorola Capital Lease

The District records items under long term capital leases as an asset and an obligation in the accompanying financial statements on the government wide basis. Leases are accounted for in accordance with Section L20 of the GASB Codification and NCGA Statement No. 5, which require governments to use the criteria contained in FASB Statement No.13, *Accounting for Leases*, and GASB Statement No.13, *Accounting for Operating Leases* with scheduled rent increases to classify leases as capital or operating leases.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

On May 1, 2004, the District entered into a capital lease agreement to acquire or obtain the use of emergency-call taking equipment referred to above as the Motorola capital lease. The capital lease term is five years at an interest rate of 5.65% with equal annual payments of principal and interest of \$122,178. The lease agreement contains a fiscal funding clause which provides for cancellation in the event the District does not budget funds in subsequent years for lease payments. There is also a bargain purchase option at the end of the lease for one dollar.

Installment Purchase Agreement

In 2003, the District purchased telephone equipment and software through an installment purchase agreement for \$269,332 and an addendum for additional equipment of \$135,179 and another addendum for additional equipment in 2005 for \$38,676, totaling \$443,187. The ending balance at December 31, 2005 was \$239,341 and was shown as due within one year on the December 31, 2005 financial statements.

For 2006 the District budgeted approximately \$128,000 to fund the principal payments expected of \$239,341, resulting in a projected budget shortage of approximately \$111,000. In 2006, the District failed to make the full payment on the expected installment payable by approximately \$159,000. The District re-negotiated the payment schedule with Eatel in 2007, for half of the amount owed to be paid before September 30, 2007 and the remaining portion to be paid no later than September 30, 2008. These payments were made as scheduled. The District paid \$80,000 during 2008 and at December 31, 2008, there is an unpaid balance of \$521.

9. Retirement Systems

Substantially all employees of the Livingston Parish Communications District are members of the Parochial Employees Retirement System of Louisiana (the System). The System is a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

A. Municipal Employee Retirement System of Louisiana (System)

Plan Description. 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 65 with at least 7 years of creditable service or at or after age 55 with at least 25 years of creditable service, or members with 30 years of service regardless of age, 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. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, an employee may take early retirement benefits commencing at age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 63. In any case, monthly retirement benefits paid under Plan A cannot exceed 100 percent of final-average salary. 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 benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

Employees covered by Plan A contribute nine and a half percent of their salaries per month to the System. The employer contribution was 12.75%. The employer made the required contribution of \$72,315.

10. Designated Fund Balances/Net Assets

At December 31, 2008, the general fund has a designated fund balance of \$300,000 for the replacement of facility and equipment.

11. Prior Period Adjustments

The District recorded total prior period adjustments for the governmental fund statements totaling \$93,185 and consisting of an increase of \$108,492 for settlement and reconciliation of rents due from other governments less \$15,307 for an adjustment of the amount due to the Parish Council for parking lot costs. At the fund level these adjustments corrected beginning fund balance from \$394,844 to \$488,029. At the government wide-level, an additional prior period adjustment of \$1,180 correcting accounts payable decreased the net prior period adjustment from \$93,185 to \$92,005. Beginning net assets at the government-wide level were corrected from \$1,395,596 to \$1,487,695.

12. Risk Management

The District is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The District purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The District's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

13. Contingent Liabilities

At December 31, 2008, the District was not involved in any outstanding litigation or claims.

14. Subsequent Events

Interagency Rent

Since the 911 center opened in February, 2005 the Livingston Parish Sheriff's (LPSO) communication division has been housed in the 911 building and the Sheriff's personnel have been using the 911 communication equipment. The Livingston Parish Office of Homeland Security (OHS) has been housed in the 911 center since September, 2005. The officials of these three entities believe that the residents of the parish are better served and protected because the three entities are housed in the same facility. Since the inception of the housing arrangements, negotiations have been underway regarding the value and methodology of setting the fair value of the occupancy by the LPSO and OHS. In March, 2008 a consensus was reached and invoices were created and transmitted to LPSO and OHS in the amounts of \$87,000 and \$28,275 respectively. The gross billings were offset by amounts due to the LPSO and OHS in the amounts of \$26,956, for dispatching services prior to February, 2005, and \$15,505 for construction of the parking area for the 911 center, respectively. The net invoice was paid by the LPSO, in the amount of \$60,044 in May, 2008. The invoice for the OHS has been paid. The rent for months subsequent to February, 2008 have not yet been billed, however it is anticipated that there will be monthly rent invoices of \$975 and \$2,417 for the OHS and LPSO respectively. There will be no further rent from OHS and OHS will move to a new location in 2009.

Required Supplemental Information (Part II)

Schedule 1

Livingston Parish Communications District
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund

For the year ended December 31, 2008

| | Budgeted Amounts | | Actual Amounts | Variance |
|--|-------------------|-------------------|-------------------|----------------------------|
| | Original | Final | GAAP Basis | Favorable (Unfavorable) |
| Revenues | | | | |
| Charges, net | | | | |
| Emergency telephone charges | \$ 1,190,620 | \$ 1,190,620 | \$ 1,232,378 | \$ 41,758 |
| Collector Fees | (11,995) | (11,995) | (17,116) | (5,121) |
| Intergovernmental | - | - | 100,000 | 100,000 |
| Interest | 9,375 | 9,375 | 7,069 | (2,306) |
| Miscellaneous - Space Rental Income | 40,000 | 40,000 | 40,700 | 700 |
| Total Revenues | <u>1,228,000</u> | <u>1,228,000</u> | <u>1,363,031</u> | <u>135,031</u> |
| Expenditures | | | | |
| Public Safety - Emergency Communications | | | | |
| Salaries and related Benefits | 684,746 | 684,746 | 766,290 | (81,544) |
| Communications and Utilities | 148,462 | 148,462 | 134,147 | 14,315 |
| Contract Labor | 26,041 | 26,041 | 23,539 | 2,502 |
| Insurance | 21,921 | 21,921 | 21,190 | 731 |
| Mapping | 55,110 | 55,110 | 43,527 | 11,583 |
| Other operating | 13,346 | 13,346 | 12,093 | 1,253 |
| Professional Fees | 50,361 | 50,361 | 66,074 | (15,713) |
| Repairs and Maintenance | 50,137 | 50,137 | 17,157 | 32,980 |
| Supplies | 8,289 | 8,289 | 13,968 | (5,679) |
| Travel and Training | 10,770 | 10,770 | 10,768 | 2 |
| Capital Outlays | - | - | - | - |
| Debt Service | | | | |
| Principal | 202,178 | 202,178 | 189,460 | 12,718 |
| Interest | - | - | 12,718 | (12,718) |
| Total Expenditures | <u>1,271,361</u> | <u>1,271,361</u> | <u>1,310,931</u> | <u>(39,570)</u> |
| Excess Revenues (Expenditures) | <u>(43,361)</u> | <u>(43,361)</u> | <u>52,100</u> | <u>95,461</u> |
| Special Items | | | | |
| Insurance Proceeds | - | - | 2,451 | 2,451 |
| Total Special Items | <u>-</u> | <u>-</u> | <u>2,451</u> | <u>2,451</u> |
| Net Change in Fund Balances | <u>(43,361)</u> | <u>(43,361)</u> | <u>54,551</u> | <u>97,912</u> |
| Fund Balances, Beginning | | | | |
| Before Prior Period Adjustments | 394,844 | 394,844 | 394,844 | - |
| Prior Period Adjustments | - | - | 93,185 | 93,185 |
| Fund Balances, Beginning After Prior Period Adjustments | <u>394,844</u> | <u>394,844</u> | <u>488,029</u> | <u>93,185</u> |
| Fund Balances, Ending | <u>\$ 351,483</u> | <u>\$ 351,483</u> | <u>\$ 542,580</u> | <u>\$ 191,097</u> |

See independent auditor's report.

Other Supplemental Information

Schedule 2

**Livingston Parish Communications District
Schedule of Compensation Paid to Board Members
For the year ended December 31, 2008**

| <u>Name</u> | <u>Compensation Received</u> |
|--------------------|----------------------------------|
| Jason Ard | \$ 300 |
| Fred Banks | 500 |
| Gwen Blanchard | 500 |
| Ivy Cutrer | 400 |
| Donald Dedon | 550 |
| Russell Hutchinson | 450 |
| Derral Jones | 500 |
| | <u>\$ 3,200</u> |

See Independent Auditor's Report.

**Livingston Parish Communications District
Supplementary Information in Accordance with R.S. 33:9109E
For the Year Ending December 31, 2008
(Unaudited)**

Louisiana Revised Statutes 33:9101 through 9131 authorizes the governing authority of a communications district to levy an emergency telephone charge on certain wireless communications systems to pay the costs of implementing Federal Communications Commission (FCC) ordered enhancements to emergency telephone systems.

The following schedule lists the total revenues derived from the wireless E911 service charges and the expenditures for equipment for each year

| | |
|---------------------|------------|
| Revenues | |
| Wireless E911 Fees | \$ 878,890 |
| Expenditures | |
| Equipment Purchases | \$ - |

As of December 31, 2005, the Livingston Parish Communications District was in Phase 2 of the Federal Communications Commission's three phase plan for local emergency telephone service providers. The FCC's program objectives for emergency telephone service providers, call for upgrading services to better serve users of those systems. When implementation of the FCC program is complete, an emergency telephone system would be able to give the dispatcher the telephone number of the caller, address of the caller and geographic location of the caller. At Phase 0, the system provides the caller's telephone number. At Phase 1, the system will provide the caller's telephone number and address registered to that telephone number. At Phase 2, the system provides the caller's telephone number, address registered to that number and the present geographic location of the caller.

At December 31, 2007, Cingular, Alltel, Verizon, T-Mobile, Nextel, Sprint PCS and Centennial Wireless were all Phase 2 compliant. The District is not currently pursuing Phase 3 deployment.

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

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Satsuma, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Livingston Parish Communications District, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 13, 2009. 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 Livingston Parish Communications District's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* in the accompanying Corrective Action Plan for Current Year Audit Findings.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Livingston Parish Communications District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting. We did not note any matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Satsuma, Louisiana
Page 2

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's 'financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
May 13, 2009

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2008

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

No Findings for Section I.

Section II - Internal Control and Compliance Material to Federal Awards

No Findings for Section II.

Section III - Management Letter

No Findings for Section III

Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2008

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

No Findings for Section I.

Section II - Internal Control and Compliance Material to Federal Awards

No Findings for Section II.

Section III - Management Letter

No Findings for Section III