

**LIVINGSTON PARISH
COMMUNICATIONS DISTRICT**
DENHAM SPRINGS, LOUISIANA

ANNUAL FINANCIAL REPORT

December 31, 2002

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 8/20/03

Leroy J. Chutz
Certified Public Accountant, CPA, CMA

**LIVINGSTON PARISH
COMMUNICATIONS DISTRICT
STATE OF LOUISIANA**

General Purpose Financial Statements
and Independent Auditor's Reports

As of and for the Year Ended December 31, 2002
With Supplemental Information Schedule

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report on the Financial Statements		3
Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements performed in Accordance with <i>Government Auditing Standards</i>		4
General Purpose Financial Statements:		
As of and for the Year Ended December 31, 2002-		
Combined Balance Sheet - All Fund Types and Account Groups	A	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual all Governmental Fund Types - General Fund	B	6
Notes to the Financial Statements-	<u>Note</u>	
Summary of Significant Accounting Policies	1	7
Fund Accounting	A	8
Basis of Accounting	B	8
Budget Practice	C	8
General Fixed Assets	D	9
Cash and Cash Equivalents	E	9
Pension Plan and Vacation and Sick Leave	F	10
Use of Estimates	G	10
Schedule of Per Diem	2	10
Litigation and Claims	3	11
Leases	4	11
Schedule of Findings and Questioned Costs		12-13
Management's Corrective Action Plan for Current Year Audit Findings		14

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

**Board of Commissioners
Livingston Parish Communications District
State of Louisiana**

I have audited the accompanying general purpose financial statements of **Livingston Parish Communications District**, a component unit of Livingston Parish Government, as of and for the year ended December 31, 2002, as listed in the Table of Contents. These general purpose financial statements are the responsibility of **Livingston Parish Communications District's** management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing principles generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects the financial position of **Livingston Parish Communications District**, as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 17, 2003, on my consideration of **Livingston Parish Communications District's** internal control structure and a report dated June 17, 2003, on its compliance with laws and regulations.

Leroy J. Chustz

Leroy J. Chustz
Certified Public Accountant, APAC
June 17, 2003

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

**Board of Commissioners
Livingston Parish Communications District
State of Louisiana**

I have audited the financial statements of **Livingston Parish Communications District**, a component unit of Livingston Parish Government, as of and for the year ended December 31, 2002, and have issued my report thereon dated June 17, 2003. I conducted my audit in accordance with generally accepted auditing 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 Livingston Parish Communications District's financial statements are free of material misstatement, I performed tests of 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audits, I considered Livingston Parish Communications District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of Livingston Parish Communications District's management, pass-through entities, and the Legislative Auditor and is not to be and should not be used by anyone other than these specified parties.

Leroy J. Chustz
Certified Public Accountant, APAC
June 17, 2003

LIVINGSTON PARISH COMMUNICATIONS DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 2002

ASSETS

	<u>GOVERNMENTAL FUND TYPE- GENERAL FUND</u>	<u>ACCOUNT GROUP- GENERAL FIXED ASSETS</u>
CURRENT ASSETS		
Cash and cash equivalents (Note 1,E)	\$ 522,198	\$ -0-
Certificates of deposit	200,000	-0-
Receivables		
Emergency telephone charges	<u>131,338</u>	<u>-0-</u>
Total current assets	<u>853,536</u>	<u>-0-</u>
GENERAL FIXED ASSETS		
Equipment and Furniture	<u>-0-</u>	<u>796,724</u>
 TOTAL ASSETS	 <u>\$ 853,536</u>	 <u>\$ 796,724</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ <u>151,883</u>	\$ <u>-0-</u>
 Total current liabilities	 <u>151,883</u>	 <u>-0-</u>
FUND EQUITY		
Investment in General Fixed Assets		796,72
Fund balance-		
Designated, equipment replacement	300,000	-0-
Unreserved, <u>undesignated</u>	<u>401,653</u>	<u>-0-</u>
 Total fund equity	 <u>701,653</u>	 <u>796,724</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 853,536</u>	 <u>\$ 796,724</u>

See accompanying notes to the financial statements.

LIVINGSTON PARISH COMMUNICATIONS DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES - GENERAL FUND
For the Year Ended December 31, 2002**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Emergency telephone service charge	\$ 513,018	\$ 788,059	\$ 275,041
Use of money and property- Interest earnings	<u>20,000</u>	<u>10,888</u>	<u>(9,112)</u>
TOTAL REVENUES	<u>533,018</u>	<u>798,947</u>	<u>265,929</u>
<u>EXPENDITURES</u>			
Current operating			
Public safety			
Per Diem	5,000	3,100	1,900
Salaries and benefits	-0-	1,210	(1,210)
Payments to other governments for salaries	350,000	365,350	(15,350)
Collectors fees	6,000	5,509	491
Telephone	105,000	104,288	712
Insurance	10,000	8,136	1,864
Equipment repairs and maintenance	35,000	15,302	19,698
Professional fees	6,000	70,770	(64,770)
Software costs	69,000	58,609	10,391
Miscellaneous	<u>76,300</u>	<u>38,341</u>	<u>37,959</u>
TOTAL EXPENDITURES	<u>662,300</u>	<u>670,615</u>	<u>(8,315)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(129,282)</u>	<u>128,332</u>	<u>257,614</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>573,321</u>	<u>573,321</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 444,039</u>	<u>\$ 701,653</u>	

See accompanying notes to the financial statements.

LIVINGSTON PARISH COMMUNICATIONS DISTRICT

Notes to the Financial Statements For the Year Ended December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

At its meeting on September 4, 1991, the Livingston Parish Police Jury (now the Livingston Parish Council) adopted an ordinance to create Livingston Parish Communications District. Communications districts are created for the purpose of providing emergency telephone response systems to parish residents.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government.

GASB Codification Section 2100 established criteria for determining the governmental reporting entity and component units which should be included within the reporting entity. The reporting entity for Livingston Parish includes the component unit with oversight responsibility, and other governmental entities within the parish for which the police jury has oversight responsibility. Oversight responsibility is determined on the basis of the following criteria:

1. Financial interdependency
2. Selection of governing authority
3. Designation of management
4. Ability to significantly influence operations
5. Accountability for fiscal matters
6. Scope of public service
7. Special financing relationship

Based on the previous criteria, the Livingston Parish Government has determined that Livingston Parish Communications District is part of the reporting entity based on Criteria 2, 4, and 6.

The accounting policies of Livingston Parish Communications District conform to generally accepted accounting principles. The following is a summary of the significant policies.

A. **FUND ACCOUNTING**

The Communications District is organized and operated on the basis of a fund and account group whereby a separate, self-balancing set of accounts (General Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenditures.

B. **BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Communications District's records are maintained on a cash basis of accounting. However, the General Fund, as reported in the accompanying financial statements, has been converted to a modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include emergency telephone service charges which are recorded in the year the service charges are levied. Emergency telephone service charges are levied each month at 5% of the tariff rate for local service. The amount of service charges expected to be uncollectible is not material and no provision for such is provided.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources.

C. **BUDGET PRACTICE**

The Communications District adopts an annual budget based on anticipated revenues consistent with generally accepted accounting principles. Budgetary accounts are not integrated in the formal accounting system. Encumbrance accounting is not followed because of the small number of transactions involved. Budgets lapse at year end.

D. GENERAL FIXED ASSETS

Fixed assets other than those accounted for in proprietary funds are general fixed assets. General fixed assets are accounted for in the General Fixed Assets Account Group rather than in the General Fund. Fixed assets are accounted for at cost and interest is not capitalized. Depreciation is not calculated and all infrastructure assets are accounted for. The following is an analysis of changes in the general fixed assets during 2002.

General Fixed Assets at 12/31/01	\$ 751,290
Acquisitions during 2002	-0-
Disposals during 2002	-0-
General Fixed Assets at 12/31/02	<u>\$ 751,290</u>

E. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the district may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agent and other institutions, the district had cash and cash equivalents totaling \$ 632,881 (bank balances) at December 31, 2002. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved. The following is a summary of cash and cash equivalents at December 31, 2002, with the related federal deposit insurance and pledged securities. The cash and cash equivalents at December 31, 2002, were secured as follows:

Bank balance	<u>\$ 632,881</u>
Federal deposit insurance	100,000
Securities pledged- Category 2	<u>532,881</u>
Total insurance and securities	632,881
Bank balances unsecured	<u>\$ -0-</u>

LOUISIANA ASSET MANAGEMENT POOL

Investments held at December 31, 2002 consist of \$91,679.95 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at December 31, 2002 is not categorized in the three risk categories provided by GASB Codification Section

LIVINGSTON PARISH COMMUNICATIONS DISTRICT
Notes to the Financial Statements, Continued
December 31, 2002

150.125 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 non-profit corporation organized under the laws of the State of Louisiana. Only local government entities 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 in accordance with LSA - R.S. 33:2955. 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 investments in LAMP are stated at fair value based on quoted market rates. The fair value 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.

F. PENSION PLAN AND VACATION AND SICK LEAVE

The Communications District does not have any employees; therefore, there is no pension plan and no accrual for compensated absences.

G. USE OF ESTIMATES

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

LIVINGSTON PARISH COMMUNICATIONS DISTRICT
Notes to the Financial Statements, Continued
December 31, 2002

2. **SCHEDULE OF PER DIEM**

Board Members are appointed by the Livingston Parish Council and serve at the pleasure of the Council. There are no set terms of office. Board Members are paid \$50.00 per diem for each meeting they attend.

<u>BOARD MEMBER</u>	<u>MEETINGS ATTENDED</u>	<u>PER DIEM</u>
Ronald Morse P.O. Box 850 Livingston, LA 70754	12	\$ 600
Fred Banks 910 Hatchell Lane Denham Springs, LA 70726	13	650
Donald R. Dedon 34220 Walker North Road Walker, LA 70785	11	550
Russell D. Hutchinson Post Office Box 273 Albany, LA 70711	12	600
Shannon Mack 24545 Ray Blount Lane Livingston, LA 70727	12	550
Jack Varnado 20225 Gum Swamp Rd Livingston, LA 70754	11	<u>150</u>
TOTAL		<u>\$ 3,100</u>

3. **LITIGATION AND CLAIMS**

According to legal counsel, there are no claims or litigation pending against the Communications District at December 31, 2002.

4. **LEASES**

Livingston Parish Communications District has no capital or operating lease obligations at December 31, 2002.

LIVINGSTON PARISH COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2002

I have audited the financial statements of Livingston Parish Communications District as of and for the year ended December 31, 2002, and have issued our report thereon dated June 17, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2002, resulted in an unqualified opinion.

Section I Summary of Auditor's Results

	YES	NO	N/A
<i>Financial Statements</i>			
Internal control over financial reporting:			
Material weakness(es)		X	
Reportable condition(s)		X	
Noncompliance material to the financial statements		X	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified			X
Reportable condition(s) identified			X
Type of auditor's report on compliance for major programs			X
Any findings required to be reported by Section 510(a) of Circular A-133			X

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
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Not applicable

Dollar threshold used to distinguish between Type A and Type B Programs: \$ N/A

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No N/A

Section II Financial Statement Findings

Current Year Findings

No Findings to Report.

Prior Year Findings

No Findings to Report.

Section III Federal Award Findings and Questioned Costs

No Findings to Report.

LIVINGSTON PARISH COMMUNICATIONS DISTRICT

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended December 31, 2002

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

No findings reported.

Section II-Internal Control and Compliance Material to Federal Awards:

No findings reported.

Section III-Management Letter:

No findings reported.