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**LAFAYETTE PARISH
COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED
GOVERNMENT OF LAFAYETTE, LOUISIANA**

**FINANCIAL REPORT AND
SUPPLEMENTARY INFORMATION
YEAR ENDED OCTOBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-9-07

LAFAYETTE PARISH COMMUNICATION DISTRICT

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LAFAYETTE PARISH COMMUNICATION DISTRICT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the major funds, and the aggregate remaining fund information of the Lafayette Parish Communication District, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year then ended October 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lafayette Parish Communication District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, major funds, and the aggregate remaining fund information of the Lafayette Parish Communication District, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of October 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 3, 2007 on our consideration of the Lafayette Parish Communication District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 30 through 32 and 34, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods for measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Parish Communication District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Lafayette Parish Communication District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

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

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

February 3, 2007

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

Within this section of the Lafayette Parish Communication District's (the District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended October 31, 2006. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The District's assets exceed its liabilities by \$8,635,245 and \$1,296,989 (net assets) for its business-type and governmental activities, respectively, for the fiscal year ended October 31, 2006. This is an increase over fiscal year ended 2005, when the District's assets exceed its liabilities by \$7,321,336 and \$1,141,127 (net assets) for its business-type and governmental activities, respectively.

Total net assets are comprised of the following:

- Capital assets, net of related debt, of \$4,943,188 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of capital assets. The District had no outstanding debt relating to its capital assets at fiscal year end. This is an increase of \$920,148 from 2005.
- Unrestricted net assets of \$4,989,046 represent the portion available to maintain the District's continuing obligations to citizens and creditors.

By the nature of the District's agreement with the Parish and City of Lafayette, its governmental funds report no fund balance at the end of the fiscal period. Rather, any excess funding is reimbursed to the respective governmental body and recorded as a liability in the fund financial statements. The District's proprietary fund reported total ending net assets of \$8,635,245 this year. This compares to the prior year ending net assets of \$7,321,336 showing an increase of \$1,313,909 during the current year.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) required supplementary information. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is also presented for comparative purposes.

Government-Wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

Government-Wide Financial Statements - Continued

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

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

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

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

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

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

Fund Financial Statements

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

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

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

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

Governmental Funds – Continued - The District maintained two individual governmental funds, both are special revenue funds. Information is presented by fund in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The funds are the Communications System Management Fund (a major fund) and the Office of Homeland Security and Emergency Preparedness Fund (a major fund).

The basic governmental fund financial statements are presented on pages 12- 16 of this report.

Proprietary Fund – When the District receives 911 surcharges from the various telephone service providers for use in providing 911 emergency services, these services are generally reported in a proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise fund (the "911" Fund) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for the proprietary fund. The "911" Fund is considered by the District to be a major fund. The Proprietary Fund financial statements are presented on pages 17 – 19 of this report.

Notes to the basic financial statements:

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information concerning the District's budget presentations. Budgetary comparison statements are included as "other required supplementary information" for the major funds, both the proprietary fund and the governmental fund, and as "other supplementary information" for the non-major special revenue fund. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. This information is on pages 30-32 and 34 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole. The District's net assets at fiscal year-end are \$9,932,234 as compared to the prior fiscal year end balance which was \$8,462,463. The majority of the net assets are unrestricted which may be used to meet the District's ongoing obligation to citizens and creditors.

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

The following table provides a summary of the District's net assets:

Summary of Net Assets

	Governmental Activities		Business-type Activities		Total Government	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 101,958	\$ 341,761	\$ 5,068,233	\$ 4,603,834	\$ 5,170,191	\$ 4,945,595
Capital assets	<u>1,301,949</u>	<u>1,147,014</u>	<u>3,641,239</u>	<u>2,876,026</u>	<u>4,943,188</u>	<u>4,023,040</u>
Total assets	<u>1,403,907</u>	<u>1,488,775</u>	<u>8,709,472</u>	<u>7,479,860</u>	<u>10,113,379</u>	<u>8,968,635</u>
Current liabilities	101,958	341,761	47,773	131,588	149,731	473,349
Non-current liabilities	<u>4,960</u>	<u>5,887</u>	<u>26,454</u>	<u>26,936</u>	<u>31,414</u>	<u>32,823</u>
Total liabilities	<u>106,918</u>	<u>347,648</u>	<u>74,227</u>	<u>158,524</u>	<u>181,145</u>	<u>506,172</u>
Net assets:						
Invested in capital assets	1,301,949	1,147,014	3,641,239	2,876,026	4,943,188	4,023,040
Unrestricted (deficit)	<u>(4,960)</u>	<u>(5,887)</u>	<u>4,994,006</u>	<u>4,445,310</u>	<u>4,989,046</u>	<u>4,439,423</u>
Total net assets	<u>\$ 1,296,989</u>	<u>\$ 1,141,127</u>	<u>\$ 8,635,245</u>	<u>\$ 7,321,336</u>	<u>\$ 9,932,234</u>	<u>\$ 8,462,463</u>

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

During 2006, there continues to be significant increases in the capital assets of the governmental activities mainly attributed to the District receiving grant funds for the acquisition of equipment from the Department of Homeland Security, Office of Emergency Preparedness. Equipment purchased with grant funds for 2006 and 2005 in the governmental funds was \$417,537 and \$263,112, respectively. The decrease in current assets is due to the governmental funds use of the cash reserves of the funds to pay for operations. The corresponding decline is in accounts payable (current liabilities).

The net assets of our business-type activities increased by \$1,313,909 or 17.22% in 2006, as compared to 18.08% in 2005. This is due to an increase in operating revenues with minimal decreases in operating expenses during the current year.

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

The following table provides a summary of the District's changes in net assets:

Summary of Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 3,051,085	\$ 2,987,970	\$ 3,051,085	\$ 2,987,970
Operating grants	321,886	331,742	-	-	321,886	331,742
Capital grants	515,431	265,722	-	-	515,431	265,722
General revenues:						
Investment earnings	7,685	5,400	178,438	110,178	186,123	115,578
Other general revenues	4,660	431	7,073	1,481	11,733	1,912
Total revenues	<u>849,662</u>	<u>603,295</u>	<u>3,236,596</u>	<u>3,099,629</u>	<u>4,086,258</u>	<u>3,702,924</u>
Program expenses:						
Public Safety	693,800	521,260	1,922,687	1,978,749	2,616,487	2,500,009
Interest on long-term debt	-	-	-	-	-	-
Total expenses	<u>693,800</u>	<u>521,260</u>	<u>1,922,687</u>	<u>1,978,749</u>	<u>2,616,487</u>	<u>2,500,009</u>
Increase in net assets	<u>\$ 155,862</u>	<u>\$ 82,035</u>	<u>\$ 1,313,909</u>	<u>\$ 1,120,880</u>	<u>\$ 1,469,771</u>	<u>\$ 1,202,915</u>

Governmental Activities:

The governmental funds of the District are funded in the most part by appropriations from the City and Parish of Lafayette governments. As previously discussed, any excess of revenues over expenditures in these funds is required to be reimbursed to the respective government in the subsequent year. The only function of the District is public safety activities. Operating grants decreased by 3.00% over 2005. This decrease was due to a decrease in the funding from the Office of Emergency Preparedness during the current fiscal year. General revenues had a slight increase due to an increase in investment earnings due to slight increases in interest rates. As discussed above, the District received capital grants during the current year to fund equipment purchases.

Total expenses of the governmental activities increased by \$172,540 or 33.10% from 2005. The majority of this increase is due to depreciation recorded on assets in the amount of \$308,489 for 2006 as compared to \$229,377 in 2005, an increase of \$79,112. Of the total costs of governmental activities, repairs and maintenance represents 15.02% of the 2006 total and payroll and benefits represents 25.92% of the 2006 total.

Business-type Activities:

The majority of revenues in the District's business type activities come from telephone taxes collected by and received from the different telephone service providers that operate in the parish. In addition, the District also earns interest on its investments. Charges for services increased by 2.11% from 2005 with expenses decreasing by 2.83%. The largest expenses of the business-type activity are salaries and benefits, which represent 46.93% of total expenses for 2006. In addition, depreciation on capital assets represents 12.51% of the total.

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds:

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

Proprietary Fund:

The major fund of the District is its Proprietary Fund (the "911" fund). This fund operates as the general fund of the District. The major revenue source of this fund is telephone taxes collected by and received from the different telephone service providers in the area. It is the largest source of day-to-day service delivery. The 911 Fund's net assets increased \$1,313,909 from the prior year largely due to an increase in charges for services with a minimal decrease in overall operating expenses.

BUDGETARY HIGHLIGHTS

Proprietary Fund

The Proprietary Fund's original budget was based on the actual amounts reported in fiscal year 2005. However, the final budget remained virtually unchanged with a slight 6.02% decrease in expenses. The overall decrease was due mainly to a reduction in the estimated costs of salaries and telecommunications expense. The net changes in the budgeted amounts for these accounts represent approximately 83.78% of the total decrease between the original budget and the final budget.

Major Governmental Fund

The Office of Homeland Security and Emergency Preparedness special revenue fund's final budget significantly fluctuated from the original budget due to the receipt of grant funds during 2006. Grant revenues were not originally budgeted because the District had not been notified of the current year award amount when the original budget was prepared. The corresponding capital outlay expense also had not been originally budgeted. Excluding the capital grant funds and expenditures, the final budget reflected a 15.51% increase in revenues and expenditures. The increase was due to non grant related capital outlay costs that were not originally budgeted and an increase in the amount of appropriations received.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of October 31, 2006 was \$4,943,188 as compared to \$4,023,040 at the end of 2005. This investment in capital assets includes buildings and improvements, equipment, furniture and construction in progress.

See Note G for additional information about changes in capital assets during the fiscal year.

Lafayette Parish Communication District
Lafayette, Louisiana

Management's Discussion and Analysis

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Building and Improvements	\$ -	\$ -	\$ 1,115,642	\$ 556,709	\$ 1,115,642	\$ 556,709
Furniture and Equipment	1,301,949	1,147,014	2,002,064	406,220	3,304,013	1,553,234
Construction in Progress	-	-	523,533	1,913,097	523,533	1,913,097
Totals	<u>\$ 1,301,949</u>	<u>\$ 1,147,014</u>	<u>\$ 3,641,239</u>	<u>\$ 2,876,026</u>	<u>\$ 4,943,188</u>	<u>\$ 4,023,040</u>

The increase in the District's investment in capital assets for the current fiscal year was 22.87%. The significant increase is due to the purchase of equipment with a capital grant as previously discussed as well as the completion of the Mobile Operations Center and Mobile Support Facility.

During the current year, there were no major additions to the building other than the Mobile Support Facility. The District continued to purchase equipment as part of the capital grant and ongoing operations. Total furniture and equipment purchases for 2006 were \$729,563. The decrease in construction in progress is attributed to the completion of construction of a Mobile Operations Center and Mobile Support Facility, as well as the related telecommunications systems. Projects remaining in construction in progress at October 31, 2006 include an Interoperability High Speed Public Safety Network and a Smartnet System.

Long-Term Debt

At the end of the fiscal year, the District's only long term debt was accrued compensated absences.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The fiscal year end 2006-2007 budgets for the proprietary and governmental fund types are based on actual 2005-2006 results. The District plans continued equipment purchases utilizing the federal grant funds that are being received as part of the Office of Homeland Security grant program.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF NET ASSETS
OCTOBER 31, 2006**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 14,665	\$ 27,089	\$ 41,754
Salaries Payable	2,285	20,684	22,969
Due to City/Parish of Lafayette	54,733	-	54,733
Deferred Revenue	<u>30,275</u>	<u>-</u>	<u>30,275</u>
Total Current Liabilities	<u>101,958</u>	<u>47,773</u>	<u>149,731</u>
Noncurrent Liabilities			
Accrued Compensated Absences	<u>4,960</u>	<u>26,454</u>	<u>31,414</u>
Total Noncurrent Liabilities	<u>4,960</u>	<u>26,454</u>	<u>31,414</u>
TOTAL LIABILITIES	<u>106,918</u>	<u>74,227</u>	<u>181,145</u>
NET ASSETS			
Invested in Capital Assets	1,301,949	3,641,239	4,943,188
Unrestricted (Deficit)	<u>(4,960)</u>	<u>4,994,006</u>	<u>4,989,046</u>
TOTAL NET ASSETS	<u>1,296,989</u>	<u>8,635,245</u>	<u>9,932,234</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,403,907</u>	<u>\$ 8,709,472</u>	<u>\$ 10,113,379</u>

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2006**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
Public Safety	\$ 693,800	\$ 321,886	\$ 515,431	\$ 143,517	\$ -	\$ 143,517
Total Governmental Activities	<u>693,800</u>	<u>321,886</u>	<u>515,431</u>	<u>143,517</u>	<u>-</u>	<u>143,517</u>
Business-type Activities						
Public Safety	1,922,687	3,051,085	-	-	1,128,398	1,128,398
Total Business-Type Activities	<u>1,922,687</u>	<u>3,051,085</u>	<u>-</u>	<u>-</u>	<u>1,128,398</u>	<u>1,128,398</u>
Total Primary Government	<u>\$ 2,616,487</u>	<u>\$ 3,051,085</u>	<u>\$ 515,431</u>	<u>143,517</u>	<u>1,128,398</u>	<u>1,271,915</u>
General Revenues:						
Investment Earnings				7,685	178,438	186,123
Other General Revenues				4,660	7,073	11,733
Total General Revenues				<u>12,345</u>	<u>185,511</u>	<u>197,856</u>
Change in Net Assets				155,862	1,313,909	1,469,771
Net Assets-Beginning				<u>1,141,127</u>	<u>7,321,336</u>	<u>8,462,463</u>
Net Assets-Ending				<u>\$ 1,296,989</u>	<u>\$ 8,635,245</u>	<u>\$ 9,932,234</u>

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

FUND FINANCIAL STATEMENTS

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**BALANCE SHEET - GOVERNMENTAL FUNDS
OCTOBER 31, 2006**

	<u>Office of Homeland Security and Emergency Preparedness</u>	<u>Communication System Management</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 3,918	\$ 78,318	\$ 82,236
Due From State of Louisiana	<u>19,722</u>	<u>-</u>	<u>19,722</u>
TOTAL ASSETS	<u>\$ 23,640</u>	<u>\$ 78,318</u>	<u>\$ 101,958</u>
 LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 3,485	\$ 11,180	\$ 14,665
Salaries Payable	2,285	-	2,285
Due to City/Parish of Lafayette	17,870	36,863	54,733
Deferred Revenue	<u>-</u>	<u>30,275</u>	<u>30,275</u>
TOTAL LIABILITIES	<u>23,640</u>	<u>78,318</u>	<u>101,958</u>
FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 23,640</u>	 <u>\$ 78,318</u>	 <u>\$ 101,958</u>

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
OCTOBER 31, 2006**

Total Governmental Fund Balances	\$ -
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,301,949
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(4,960)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 1,296,989</u>

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2006**

	Office of Homeland Security and Emergency Preparedness	Communication System Management	Total Governmental Funds
REVENUE			
Governmental Appropriations	\$ 204,790	\$ 171,855	\$ 376,645
Grant Revenue	515,431	-	515,431
Interest Earnings	2,559	5,126	7,685
Gain on Disposal of Assets	3,960	-	3,960
Miscellaneous Revenue	700	-	700
Total Revenue	727,440	176,981	904,421
EXPENDITURES			
Current:			
Contractual Services	-	11,742	11,742
Dues and Licenses	377	187	564
Duplicating Expense	1,153	80	1,233
Insurance	24,781	-	24,781
Miscellaneous	1,884	-	1,884
Non-Capital Grant Expenses	247	-	247
Other Expense	97,646	-	97,646
Postage	236	-	236
Printing	21	-	21
Professional Fees	2,600	1,500	4,100
Publication and Recordings	39	252	291
Repairs and Maintenance	5,049	52,971	58,020
Retirement and Medicare	11,950	-	11,950
Salaries	88,164	-	88,164
Supplies and Materials	6,407	559	6,966
Telecommunications	15,158	21,143	36,301
Tower Rentals	-	17,376	17,376
Training	468	-	468
Transportation	8,298	-	8,298
Travel and Meetings	275	30	305
Utilities	4,209	11,436	15,645
Capital Outlay			
Equipment	440,581	22,843	463,424
Total Expenditures	709,543	140,119	849,662

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

LAFAYETTE PARISH COMMUNICATION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2006**

	<u>Office of Homeland Security and Emergency Preparedness</u>	<u>Communication System Management (Non-Major)</u>	<u>Total Governmental Funds</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>17,897</u>	<u>36,862</u>	<u>54,759</u>
EXCESS OF REVENUE OVER EXPENDITURES (BROUGHT FORWARD)	<u>17,897</u>	<u>36,862</u>	<u>54,759</u>
OTHER FINANCING USES			
Reimbursement of Excess Funds:			
City/Parish of Lafayette	<u>(17,897)</u>	<u>(36,862)</u>	<u>(54,759)</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2006**

Net Change in Fund Balance - Total Governmental Funds	\$ -
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	154,935
Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>927</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$ 155,862</u>

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND - "911" FUND
OCTOBER 31, 2006**

ASSETS

CURRENT ASSETS

Cash	\$ 4,763,604
Telephone Tax Receivable	284,146
Prepaid Maintenance Contract	1,333
Prepaid Lease	<u>19,150</u>
Total Current Assets	<u>5,068,233</u>

PROPERTY AND EQUIPMENT

Building and Improvements	1,353,540
Furniture and Equipment	7,781,589
Construction in Progress	<u>523,533</u>
Total	9,658,662
Less: Accumulated Depreciation	<u>(6,017,423)</u>
Net Property and Equipment	<u>3,641,239</u>

TOTAL ASSETS \$ 8,709,472

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 27,089
Salaries Payable	<u>20,684</u>
Total Current Liabilities	47,773

NON-CURRENT LIABILITIES

Accrued Compensated Absences	<u>26,454</u>
TOTAL LIABILITIES	<u>74,227</u>

NET ASSETS

Invested in Capital Assets	3,641,239
Unrestricted	<u>4,994,006</u>
TOTAL NET ASSETS	<u>8,635,245</u>

TOTAL LIABILITIES AND NET ASSETS \$ 8,709,472

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND - "911" FUND
FOR THE YEAR ENDED OCTOBER 31, 2006**

OPERATING REVENUE	
Telephone Tax	<u>\$ 3,051,085</u>
OPERATING EXPENSES	
Contractual Services	16,800
Depreciation	240,616
Dues and Subscriptions	463
Duplicating Expense	1,378
Insurance	170,960
Land Lease	253
Miscellaneous	10,192
Office and Postage	518
Printing	364
Professional Fees	15,236
Publication and Recordings	1,249
Repairs and Maintenance	108,796
Retirement and Medicare	111,805
Salaries	790,604
Supplies and Materials	36,193
Telecommunications	393,455
Training	8,270
Transportation	9,150
Travel and Meetings	67
Uniforms	1,067
Utilities	<u>5,251</u>
Total Operating Expenses	<u>1,922,687</u>
OPERATING INCOME	<u>1,128,398</u>
NON-OPERATING REVENUES (EXPENSES)	
Miscellaneous Revenue	7,073
Interest Earnings	<u>178,438</u>
Total Non-Operating Revenues (Expenses)	<u>185,511</u>
INCREASE IN NET ASSETS	1,313,909
NET ASSETS, BEGINNING	<u>7,321,336</u>
NET ASSETS, ENDING	<u>\$ 8,635,245</u>

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND - "911" FUND
FOR THE YEAR ENDED OCTOBER 31, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Providing Services	\$ 3,035,982
Cash Paid to Suppliers	(971,476)
Cash paid to Employees	<u>(789,892)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,274,614</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	(1,005,760)
Interest on Investments	<u>178,438</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(827,322)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	447,292
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,316,312</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,763,604</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH BY OPERATING ACTIVITIES:	
Operating Income	\$ 1,128,398
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	240,616
Land Lease Amortization	253
Miscellaneous Revenue	7,073
Changes in Assets and Liabilities:	
Telephone Tax Receivable	(22,176)
Prepaid Expenses	4,747
Accounts Payable	(85,009)
Salaries Payable	1,194
Accrued Compensated Absences	<u>(482)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,274,614</u>

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2006**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The following is a summary of certain significant accounting policies:

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

Basis of Presentation – The accompanying basic financial statements of the Lafayette Parish Communication District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2006**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – continued

Government-Wide Financial Statements (GWFS)

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

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

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

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

Governmental Funds –

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

Proprietary Fund --

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2006**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Proprietary Fund – continued

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

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

The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual fund type is at least ten percent of the corresponding total for all of that fund type. Non-major funds by category are summarized into a single column. The non-major funds are combined in a column in the fund financial statements. The Proprietary Fund – “911” Fund is the operating fund of the District and is considered a major fund. In addition, the Office of Homeland Security and Emergency Preparedness Fund and the Communication System Management Fund meet the criteria of a major fund and are reported as such.

Measurement Focus/Basis of Accounting – Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2006**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Intergovernmental revenues and fees, charges and commissions for services are recorded when the District is entitled to the funds. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

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

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

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

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

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

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2006**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

On October 31, 2006, accrued compensated absences in the "911" Fund amounted to \$26,454. The portion of accrued compensated absences attributed to the Office of Homeland Security and Emergency Preparedness Fund amounted to \$4,960 on October 31, 2006. All accruals are for annual leave.

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

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2006**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

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

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

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

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

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2006**

**(B) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS –
continued**

Capital Outlay	\$ 463,424
Depreciation	<u>(308,489)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 154,935</u>

(C) CASH AND INVESTMENTS

The District's cash and investments are included in the City of Lafayette's Cash Management Fund, which is pooled with the City's other investments. Interest earned from the pooled cash management fund is apportioned to each fund based on its average daily cash balance. The City's investments are categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. All funds are considered Category 1 at October 31, 2006.

Cash and investments include bank balances and investments that at the balance sheet date were entirely insured or collateralized with securities held by the District or by its agent in the District's name. Cash balances 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. The District has no custodial credit risk associated with these deposits.

As a component unit of the Consolidated Government of Lafayette, Louisiana, the District follows the Cash Management Rules and Guidelines of the Lafayette City-Parish Consolidated Government. Following are the risks associated with these rules and guidelines.

Interest Rate Risk: As a means of limiting its exposure to fair-value losses arising from rising interest rates, the District's investment policy limits the investment portfolio to "money market instruments", which are defined as very creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

Credit Risk: The District's Investment Policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies.

Concentration of Credit Risk: The District's investment policy limits the District's investment instruments to: 1) Certificates of Deposit; 2) Certain direct obligations of the US Government; 3) Other "direct obligations" of the US Government; and, 4) Obligations of certain US Government Agencies.

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2006**

(D) TELEPHONE TAX RECEIVABLE

The telephone tax is received by the "911" Fund from Bell South Telecommunications, Inc., Century Telephone and various other vendors from amounts billed to their customers. At October 31, 2006, the telephone tax receivable was \$284,146. The responsibility of collecting the tax rests with the telephone companies and the receivable is reported net of any uncollected amounts, therefore, no allowance for uncollectible taxes is deemed necessary.

(E) PENSION PLAN

All full-time employees of the District are eligible and participating in the Parochial Employee's Retirement System of Louisiana. The District contributes a predetermined percentage, currently 12.75 percent, of each employee's gross wages to the retirement system for the fiscal year. Also included in the expense for retirement is the required Medicare contribution of 1.45 percent of each employee's wages. The amount contributed to the retirement system and for Medicare for the year ended October 31, 2006, was \$123,755.

(F) CONSTRUCTION IN PROGRESS

Included in property and equipment of the "911" Fund is construction in progress of \$523,533. This consists of \$74,237 on the Interoperability High Speed Public Safety Network Project and \$449,296 on the Motorola Smart Net System Project.

(G) CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2006 was as follows:

	<u>Balance 11/1/2005</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance 10/31/2006</u>
Governmental Activities:				
Capital assets, being depreciated				
Buildings	\$ 6,472	\$ -	\$ -	\$ 6,472
Furniture and Equipment	1,690,155	463,424	21,048	2,132,531
Total capital assets being depreciated	<u>1,696,627</u>	<u>463,424</u>	<u>21,048</u>	<u>2,139,003</u>
Less: Accumulated Depreciation for:				
Buildings	6,472	-	-	6,472
Furniture and Equipment	543,141	308,489	(21,048)	830,582
Total accumulated depreciation	<u>549,613</u>	<u>308,489</u>	<u>(21,048)</u>	<u>837,054</u>
Total capital assets being depreciated, net	<u>1,147,014</u>	<u>154,935</u>	<u>-</u>	<u>1,301,949</u>
 Governmental activities capital assets, net	 <u>\$ 1,147,014</u>	 <u>\$ 154,935</u>	 <u>\$ -</u>	 <u>\$ 1,301,949</u>

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2006**

(G) CAPITAL ASSETS – continued

	Balance 11/1/2005	Additions/ Completions	Retirements/ Adjustments	Balance 10/31/2006
Business-type Activities:				
Capital assets, not being depreciated				
Construction in Progress	\$ 1,913,097	\$ 739,690	\$ (2,129,254)	\$ 523,533
Capital assets, being depreciated				
Building and Improvements	757,663	595,877	-	1,353,540
Furniture and Equipment	5,982,073	1,799,516	-	7,781,589
Total capital assets being depreciated	6,739,736	2,395,393	-	9,135,129
Less: Accumulated Depreciation for:				
Building and Improvements	200,954	36,944	-	237,898
Furniture and Equipment	5,575,853	203,672	-	5,779,525
Total accumulated depreciation	5,776,807	240,616	-	6,017,423
Total capital assets being depreciated, net	962,929	2,154,777	-	3,117,706
Business-type activities capital assets, net	\$ 2,876,026	\$ 2,894,467	\$ (2,129,254)	\$ 3,641,239

Depreciation expense for the year ended October 31, 2006 was charged as direct expense to programs of the government as follows:

Governmental Activities – Public Safety	\$ 112,810
Business Type Activities – Public Safety	\$ 240,616

(H) LEASES

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

The District has entered into a lease with Bell South Business Systems, Inc. for an Automatic Location Identification (ALI) system. The ALI system is used within the 911 Fund. The lease term is for one year and renews annually unless either party gives a one hundred eighty (180) day written notice. The lease term runs from March 27, 2006 through March 26, 2007 with monthly lease payments of \$16,785. Future minimum lease payments at October 31, 2006, were \$83,925.

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2006**

(H) LEASES – continued

The District also has a lease for tower space from American Tower Corporation. The leased tower space is used within the CSM Fund. The lease automatically renews annually unless either party gives a ninety (90) day written notice. The lease term runs from November 1 through October 31 with monthly lease payments of \$1,448 for the year ended October 31, 2006. Total lease expense for the year ended October 31, 2006 was \$17,376. Future minimum lease payments at October 31, 2006, were \$17,376.

In June 2004, the District entered into an Intergovernmental Agreement with the City of Carencro to lease a parcel of land for construction of the Mobile Operations Center Garage. The initial term of the lease is fifty years. After the initial term, the City has the option to continue the lease on a month-to-month basis. There is no cost to the District for this lease.

(I) BOARD COMPENSATION

The Board of Commissioners serves without compensation or per diem.

(J) RISK MANAGEMENT

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

(K) LITIGATION

There is no litigation pending against the District at October 31, 2006.

REQUIRED SUPPLEMENTARY INFORMATION

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUND - PROPRIETARY FUND
FOR THE YEAR ENDED OCTOBER 31, 2006**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Telephone Tax	\$ 2,500,000	\$ 2,500,000	\$ 3,051,085	\$ 551,085
Miscellaneous Revenue	-	-	7,073	7,073
Interest Earnings	25,000	25,000	178,438	53,588
Gain (Loss) on Fixed Asset Disposal	(50,000)	(50,000)	-	50,000
Total Revenue	<u>2,475,000</u>	<u>2,475,000</u>	<u>3,236,596</u>	<u>761,596</u>
EXPENSES				
Current:				
Contractual Services	40,000	30,000	16,800	13,200
Depreciation	850,000	850,000	240,616	609,384
Dues and Subscriptions	1,000	1,000	463	537
Duplicating Expense	1,200	1,700	1,378	322
Insurance	187,200	187,200	170,960	16,240
Land Lease	300	300	253	47
Miscellaneous	9,000	11,000	10,192	808
Office and Postage	2,000	2,000	518	1,482
Printing	800	800	364	436
Professional Fees	33,000	21,000	15,236	5,764
Publication and Recordings	1,500	1,700	1,249	451
Repairs and Maintenance	157,200	147,700	108,796	38,904
Retirement and Medicare	138,000	128,000	111,805	16,195
Salaries	937,000	882,000	790,604	91,396
Supplies and Materials	35,000	38,365	36,193	2,172
Telecommunications	650,000	550,000	393,455	156,545
Training	20,000	17,300	8,270	9,030
Transportation	7,600	11,100	9,150	1,950
Travel and Meetings	1,100	1,100	67	1,033
Uniforms	3,000	2,000	1,067	933
Utilities	365	6,000	5,251	749
Total Expenses	<u>3,075,265</u>	<u>2,890,265</u>	<u>1,922,687</u>	<u>967,578</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(600,265)</u>	<u>(415,265)</u>	<u>1,313,909</u>	<u>1,729,174</u>

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUND - PROPRIETARY FUND
FOR THE YEAR ENDED OCTOBER 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES (BROUGHT FORWARD)	\$ (600,265)	\$ (415,265)	\$ 1,313,909	\$ 1,729,174
NET ASSETS, BEGINNING	<u>7,321,336</u>	<u>7,321,336</u>	<u>7,321,336</u>	-
NET ASSETS, ENDING	<u>\$ 6,721,071</u>	<u>\$ 6,906,071</u>	<u>\$ 8,635,245</u>	<u>\$ 1,729,174</u>

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**SPECIAL REVENUE FUND
OFFICE OF HOMELAND SECURITY AND EMERGENCY PREPAREDNESS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED OCTOBER 31, 2006**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Government Appropriations	\$ 174,000	\$ 201,166	\$ 204,790	\$ 3,624
Grant Revenues	-	515,431	515,431	-
Interest Earnings	1,200	1,200	2,559	1,359
Gain on Disposal of Assets	-	-	3,960	3,960
Miscellaneous Revenues	-	-	700	700
Total Revenue	<u>175,200</u>	<u>717,797</u>	<u>727,440</u>	<u>9,643</u>
EXPENDITURES				
Current:				
Dues, Licenses and Subscriptions	500	500	377	123
Duplicating Expense	700	1,200	1,153	47
Insurance	23,800	26,100	24,781	1,319
Interest Expense	50	-	-	-
Miscellaneous	2,700	2,200	1,884	316
Non-Capital Grant Expenses	-	247	247	-
Other Expense	-	97,646	97,646	-
Postage	350	350	236	114
Printing	300	30	21	9
Professional Fees	2,000	2,600	2,600	-
Publication and Recordings	500	100	39	61
Repairs and Maintenance	8,700	6,000	5,049	951
Retirement and Medicare	11,100	12,400	11,950	450
Salaries	89,000	89,266	88,164	1,102
Supplies and Materials	9,500	7,100	6,407	693
Telecommunications	15,600	15,700	15,158	542
Training	2,400	500	468	32
Transportation	7,400	9,900	8,298	1,602
Travel and Meetings	-	320	275	45
Utilities	600	5,000	4,209	791
Capital Outlay:				
Equipment	-	440,638	440,581	57
Total Expenditures	<u>175,200</u>	<u>717,797</u>	<u>709,543</u>	<u>8,254</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>17,897</u>	<u>17,897</u>
OTHER FINANCING USES				
Reimbursement of Excess Funds:				
City/Parish of Lafayette	-	-	(17,897)	(17,897)
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED OCTOBER 31, 2006**

Federal Grantor Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U. S. Department of Homeland Security			
State Domestic Preparedness			
Equipment Support Program -			
Passed through the Louisiana Department of Public Safety	97.004	2005-GE-T54-004	\$ 417,784
Emergency Management Performance Grants -			
Passed through the Louisiana Department Office of Homeland Security and Emergency Preparedness	97.042	2006-EM-E6-0042	62,790
Passed through the State of Louisiana -			
Governor's Office of Homeland Security	97.036	1603/1607-DR-LA	3,535
and Emergency Preparedness:	97.036	1603/1607-DR-LA	5,155
Disaster Grants-Public Assistance	97.036	1603/1607-05-018	<u>97,646</u>
Total Expenditures			\$ <u>586,910</u>

NOTE:

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**SPECIAL REVENUE FUND
COMMUNICATION SYSTEM MANAGEMENT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED OCTOBER 31, 2006**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Government Appropriation	\$ 150,000	\$ 163,500	\$ 171,855	\$ 8,355
Interest Earnings	-	-	5,126	5,126
Total Revenue	150,000	163,500	176,981	13,481
EXPENDITURES				
Current:				
Contractual Services	-	19,615	11,742	7,873
Dues and Licenses	400	400	187	213
Duplicating Expense	300	300	80	220
Postage	100	100	-	100
Printing	300	-	-	-
Professional Fees	800	1,500	1,500	-
Publications and Recordations	500	500	252	248
Repairs and Maintenance	73,600	57,985	52,971	5,014
Supplies and Materials	1,500	1,500	559	941
Telecommunications	30,000	28,100	21,143	6,957
Tower Rentals	30,000	17,900	17,376	524
Travel and Meetings	1,500	100	30	70
Utilities	11,000	12,500	11,436	1,064
Capital Outlay:				
Equipment	-	23,000	22,843	157
Total Expenditures	150,000	163,500	140,119	23,381
 EXCESS OF REVENUE OVER EXPENDITURES	 -	 -	 36,862	 36,862
 OTHER FINANCING USES				
Reimbursement of Excess Funds:				
City/Parish of Lafayette	-	-	(36,862)	(36,862)
 EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	 -	 -	 -	 -
 FUND BALANCE, BEGINNING	 -	 -	 -	 -
 FUND BALANCE, ENDING	 \$ -	 \$ -	 \$ -	 \$ -

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF WIRELESS E911 REVENUES AND EXPENDITURES
FOR THE YEAR ENDED OCTOBER 31, 2006**

REVENUES

Acadiana Cellular GP	\$ 29,274.96
Centennial Communications	192,334.92
Cingular Wireless	894,931.88
Comtel Telecom Assets LP	6.80
Excel Communications, Inc.	11.90
Globalstar USA LLC	737.99
Houma-Thibodaux Cellular Partnership	169.12
Louisiana RSA No. 7 Cellular GP	719.47
Louisiana RSA No. 8 LP	260.02
New Cingular Wireless PCS, LLC	19,978.05
Nextel Partners, Inc.	110,153.99
OnStar Corporation	2,010.33
Sprint Nextel (formerly Nextel South Corp.)	11,315.54
Sprint PCS	111,365.80
Telecorp Communications, LLC	446.84
Teleplus Wireless Corporation	17.65
T-Mobile (formerly VoiceStream)	39,549.65
Tritel Communications, LLC	186.84
Verizon Wireless	69,382.05
Virgin Mobile USA	<u>34,031.11</u>
 TOTAL REVENUES	 <u>\$ 1,516,884.91</u>

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

COMPLIANCE AND INTERNAL CONTROL

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lafayette Parish Communication District, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended October 31, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lafayette Parish Communication District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lafayette Parish Communication District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

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

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

February 3, 2007

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Lafayette Parish Communication District, A Component Unit of the Consolidated Government of Lafayette, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal programs for the year ended October 31, 2006. The Lafayette Parish Communication District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Lafayette Parish Communication District's management. Our responsibility is to express an opinion on the Lafayette Parish Communication District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal programs occurred. An audit includes examining, on a test basis, evidence about the Lafayette Parish Communication District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Lafayette Parish Communication District's compliance with those requirements.

In our opinion, the Lafayette Parish Communication District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended October 31, 2006.

Internal Control Over Compliance

The management of the Lafayette Parish Communication District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Lafayette Parish Communication District's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to major federal programs being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

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

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

February 3, 2007

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED OCTOBER 31, 2006**

We have audited the financial statements of the Lafayette Parish Communication District as of and for the year ended October 31, 2006 and have issued our report thereon dated February 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our audit of the financial statements of October 31, 2006 resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

A. FINANCIAL STATEMENTS

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses	___ Yes	<u> x </u> No
Reportable Conditions	___ Yes	<u> x </u> No

Compliance

Compliance Material to Financial Statements	___ Yes	<u> x </u> No
---	---------	---------------

B. FEDERAL AWARDS

Major Program Identification

The Lafayette Parish Communications District at October 31, 2006, had one major program:
Department of Homeland Security: State Domestic Preparedness Equipment Support Grant: CFDA Number 97.004.

Low-Risk Auditee

The Lafayette Parish Communications District is not considered a low-risk auditee for the year ended October 31, 2006.

Major Program – Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended October 31, 2006.

Auditors' Report – Major Program

An unqualified opinion has been issued on the Lafayette Parish Communications District's compliance for its major program as of and for the year ended October 31, 2006.

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued
FOR THE YEAR ENDED OCTOBER 31, 2006**

Reportable Conditions - Major Program

There were no reportable conditions noted during the audit of the major federal program.

Compliance Findings Related to Major Program

The audit did not disclose any material noncompliance or questioned costs relative to its federal programs.

Section II - Financial Statement Findings

The audit did not disclose any findings required to be reported.

Section III - Federal Award Findings and Questioned Costs

The audit did not disclose any material noncompliance findings or questioned costs relative to its federal programs.

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED OCTOBER 31, 2006**

There were no prior year findings.

**LAFAYETTE PARISH COMMUNICATION DISTRICT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED OCTOBER 31, 2006**

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