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**LAFAYETTE PARISH  
COMMUNICATION DISTRICT**

**FINANCIAL REPORT AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED OCTOBER 31, 2005**

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 5-10-06

**LAFAYETTE PARISH COMMUNICATION DISTRICT**

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**LAFAYETTE PARISH COMMUNICATION DISTRICT**

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## INDEPENDENT AUDITORS' REPORT

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, as of and for the year then ended October 31, 2005, 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, as of October 31, 2005, 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 January 20, 2006 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 and grants. 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.

WMDDH

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 29 through 31, 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 individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Information contained in the individual nonmajor fund financial statements 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 basic financial statements taken as a whole.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*  
WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, L.L.C.  
Certified Public Accountants

January 20, 2006

**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, 2005. 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 \$7,321,336 and \$1,141,127 (net assets) for its business-type and governmental activities, respectively, for the fiscal year ended October 31, 2005. This is an increase over fiscal year ended 2004, when the District's assets exceed its liabilities by \$6,200,456 and \$1,059,092 (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 \$4,023,040 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 \$1,253,109 from 2004.
- Unrestricted net assets of \$4,439,423 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 \$7,321,336 this year. This compares to the prior year ending net assets of \$6,200,456 showing an increase of \$1,120,880 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 non-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 service, 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 29 – 31 and 33 of this report.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District implemented the new financial reporting model used in this report beginning with the fiscal year ended October 31, 2003. 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 \$8,462,463 as compared to the prior fiscal year end balance which was \$7,259,548. The majority of the net assets are unrestricted which may be used to meet the District's ongoing obligation to citizens and creditors.

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



**Lafayette Parish Communication District**  
Lafayette, Louisiana

**Management's Discussion and Analysis**

**Summary of Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 341,761	\$ 849,138	\$ 4,603,834	\$ 4,699,052	\$ 4,945,595	\$ 5,548,190
Capital assets	<u>1,147,014</u>	<u>1,063,408</u>	<u>2,876,026</u>	<u>1,706,523</u>	<u>4,023,040</u>	<u>2,769,931</u>
Total assets	<u>1,488,775</u>	<u>1,912,546</u>	<u>7,479,860</u>	<u>6,405,575</u>	<u>8,968,635</u>	<u>8,318,121</u>
Current liabilities	341,761	849,138	131,588	181,015	473,349	1,030,153
Non-current liabilities	<u>5,887</u>	<u>4,316</u>	<u>26,936</u>	<u>24,104</u>	<u>32,823</u>	<u>28,420</u>
Total liabilities	<u>347,648</u>	<u>853,454</u>	<u>158,524</u>	<u>205,119</u>	<u>506,172</u>	<u>1,058,573</u>
Net assets:						
Invested in capital assets	1,147,014	1,063,408	2,876,026	1,706,523	4,023,040	2,769,931
Unrestricted (deficit)	<u>(5,887)</u>	<u>(4,316)</u>	<u>4,445,310</u>	<u>4,493,933</u>	<u>4,439,423</u>	<u>4,489,617</u>
Total net assets	<u>\$ 1,141,127</u>	<u>\$ 1,059,092</u>	<u>\$ 7,321,336</u>	<u>\$ 6,200,456</u>	<u>\$ 8,462,463</u>	<u>\$ 7,259,548</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 2005, 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 2005 and 2004 in the governmental funds was \$263,112 and \$882,989, respectively. The decrease in current assets is due to an accrual of the receivable for these grant funds at the end of 2004. The corresponding decrease in current liabilities is also due to the accruals of grant related invoices for the equipment at the end of 2004.

The net assets of our business-type activities increased by \$1,120,880 or 18.08% in 2005, as compared to 17.43% in 2004. This is due to an increase in operating revenues with minimal increases in operating expenses during the current year.

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

**Lafayette Parish Communication District**  
Lafayette, Louisiana

**Management's Discussion and Analysis**

**Summary of Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$ -	\$ -	\$ 2,987,970	\$ 2,771,431	\$ 2,987,970	\$ 2,771,431
Operating grants	331,742	319,570	-	-	331,742	319,570
Capital grants	265,722	957,258	-	-	265,722	957,258
<b>General revenues:</b>						
Investment earnings	5,400	4,538	110,178	81,562	115,578	86,100
Loss on disposal of assets	-	-	-	-	-	-
Other general revenues	431	24	1,481	17,965	1,912	17,989
<b>Total revenues</b>	<u>603,295</u>	<u>1,281,390</u>	<u>3,099,629</u>	<u>2,870,958</u>	<u>3,702,924</u>	<u>4,152,348</u>
<b>Program expenses:</b>						
Public Safety	521,260	280,409	1,978,749	1,950,317	2,500,009	2,230,726
Interest on long-term debt	-	-	-	-	-	-
<b>Total expenses</b>	<u>521,260</u>	<u>280,409</u>	<u>1,978,749</u>	<u>1,950,317</u>	<u>2,500,009</u>	<u>2,230,726</u>
<b>Increase in net assets</b>	<u>\$ 82,035</u>	<u>\$ 1,000,981</u>	<u>\$ 1,120,880</u>	<u>\$ 920,641</u>	<u>\$ 1,202,915</u>	<u>\$ 1,921,622</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 increased by 3.81% over 2004. This increase was due to an increase 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 \$240,851 or 85.89% from 2004. The majority of this increase is due to depreciation recorded on assets in the amount of \$229,377 for 2005 as compared to \$35,771 in 2004, an increase of \$193,606. Of the total costs of governmental activities, repairs and maintenance represents 10.16% of the 2005 total and payroll and benefits represents 18.46% of the 2005 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 7.81% from 2004 with expenses increasing by 1.46%. The largest expenses of the business-type activity are salaries and benefits, which represent 45.48% of total expenses for 2005. In addition, depreciation on capital assets represents 15.12% 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 \$1,120,880 from the prior year largely due to an increase in charges for services with a minimal increase in overall operating expenses.

**BUDGETARY HIGHLIGHTS**

*Proprietary Fund*

The Proprietary Fund's original budget was based on the actual amounts reported in fiscal year 2004. However, the final budget remained virtually unchanged with a slight 2.2% decrease in expenses. The overall decrease was due mainly to a reduction in the estimated costs of salaries, contractual services and professional fees with an increase in insurance due to billings for health insurance received at the end of the year. The net changes in the budgeted amounts for these accounts represent approximately 48.92% 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 2005. 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 27.47% increase in revenues and expenditures. The increase was due to an increase in the health insurance 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, 2005 was \$4,023,040 as compared to \$2,769,931 at the end of 2004. 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**

	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Building and Improvements	\$ -	\$ -	\$ 556,709	\$ 593,653	\$ 556,709	\$ 593,653
Furniture and Equipment	1,147,014	1,063,408	406,220	493,596	1,553,234	1,557,004
Construction in Progress	-	-	1,913,097	619,274	1,913,097	619,274
<b>Totals</b>	<b>\$ 1,147,014</b>	<b>\$ 1,063,408</b>	<b>\$ 2,876,026</b>	<b>\$ 1,706,523</b>	<b>\$ 4,023,040</b>	<b>\$ 2,769,931</b>

The increase in the District's investment in capital assets for the current fiscal year was 45.24%. The significant increase is due to the purchase of equipment with a capital grant as previously discussed as well as the continued work on the Mobile Operations Center and Mobile Support Facility.

During the current year, there were no major additions to the building. The District continued to purchase equipment as part of the capital grant and ongoing operations. Total furniture and equipment purchases for 2005 were \$487,923. The increase in construction in progress is attributed to the continued construction of a Mobile Operations Center and Mobile Support Facility, as well as the related telecommunications systems, both of which are still ongoing at year-end. These projects represent 100% of the total construction in progress at October 31, 2005.

*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 2005-2006 budgets for the proprietary and governmental fund types are based on actual 2004-2005 results. The District expects to complete construction of the Mobile Communications Center in 2005-2006. In addition, equipment purchases are planned 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**

**STATEMENT OF NET ASSETS**

**OCTOBER 31, 2005**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 319,450	\$ 4,316,312	\$ 4,635,762
Telephone Tax Receivable	-	261,970	261,970
Grants Receivable	2,919	-	2,919
Other Receivable	28	-	28
Due from Other Government Agencies	-	70	70
Prepaid Maintenance Contract	-	6,080	6,080
Prepaid Lease	-	19,402	19,402
Due from State of Louisiana	19,364	-	19,364
	<u>341,761</u>	<u>4,603,834</u>	<u>4,945,595</u>
Total Current Assets			
Noncurrent Assets:			
Property and Equipment (Net)	1,147,014	962,929	2,109,943
Construction in Progress	-	1,913,097	1,913,097
	<u>1,147,014</u>	<u>2,876,026</u>	<u>4,023,040</u>
Total Noncurrent Assets			
	<u>1,147,014</u>	<u>2,876,026</u>	<u>4,023,040</u>
TOTAL ASSETS	<u>\$ 1,488,775</u>	<u>\$ 7,479,860</u>	<u>\$ 8,968,635</u>

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT**

**STATEMENT OF NET ASSETS  
OCTOBER 31, 2005**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 238,916	\$ 112,098	\$ 351,014
Salaries Payable	1,891	19,490	21,381
Due to City/Parish of Lafayette	70,894	-	70,894
Deferred Revenue	<u>30,060</u>	<u>-</u>	<u>30,060</u>
Total Current Liabilities	<u>341,761</u>	<u>131,588</u>	<u>473,349</u>
Noncurrent Liabilities			
Accrued Compensated Absences	<u>5,887</u>	<u>26,936</u>	<u>32,823</u>
Total Noncurrent Liabilities	<u>5,887</u>	<u>26,936</u>	<u>32,823</u>
<b>TOTAL LIABILITIES</b>	<u>347,648</u>	<u>158,524</u>	<u>506,172</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	1,147,014	2,876,026	4,023,040
Unrestricted (Deficit)	<u>(5,887)</u>	<u>4,445,310</u>	<u>4,439,423</u>
<b>TOTAL NET ASSETS</b>	<u>1,141,127</u>	<u>7,321,336</u>	<u>8,462,463</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,488,775</u>	<u>\$ 7,479,860</u>	<u>\$ 8,968,635</u>

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



LAFAYETTE PARISH COMMUNICATION DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED OCTOBER 31, 2005

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Governmental Activities</b>							
Public Safety	\$ 521,260	\$ -	\$ 331,742	\$ 265,722	\$ 76,204	\$ -	\$ 76,204
Total Governmental Activities	521,260	-	331,742	265,722	76,204	-	76,204
<b>Business-type Activities</b>							
Public Safety	1,978,749	2,987,970	-	-	-	1,009,221	1,009,221
Total Business-Type Activities	1,978,749	2,987,970	-	-	-	1,009,221	1,009,221
<b>Total Primary Government</b>	<b>\$ 2,500,009</b>	<b>\$ 2,987,970</b>	<b>\$ 331,742</b>	<b>\$ 265,722</b>	<b>76,204</b>	<b>1,009,221</b>	<b>1,085,425</b>
<b>General Revenues:</b>							
Investment Earnings				5,400	110,178		115,578
Other General Revenues				431	1,481		1,912
Total General Revenues				5,831	111,659		117,490
Change in Net Assets				82,035	1,120,880		1,202,915
Net Assets-Beginning				1,059,092	6,200,456		7,259,548
Net Assets-Ending				\$ 1,141,127	\$ 7,321,336		\$ 8,462,463

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

**FUND FINANCIAL STATEMENTS**

**LAFAYETTE PARISH COMMUNICATION DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**OCTOBER 31, 2005**

	Office of Homeland Security and Emergency Preparedness	Communication System Management (Non-Major)	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 212,984	\$ 106,466	\$ 319,450
Accounts Receivable	28	-	28
Grant Receivable	2,919	-	2,919
Due From State of Louisiana	19,364	-	19,364
 TOTAL ASSETS	 \$ 235,295	 \$ 106,466	 \$ 341,761
 <b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 221,452	\$ 17,464	\$ 238,916
Salaries Payable	1,891	-	1,891
Due to City/Parish of Lafayette	11,952	58,942	70,894
Deferred Revenue	-	30,060	30,060
 TOTAL LIABILITIES	 235,295	 106,466	 341,761
 <b>FUND BALANCE</b>	 -	 -	 -
  TOTAL LIABILITIES AND FUND EQUITY	  \$ 235,295	  \$ 106,466	  \$ 341,761

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

**LAFAYETTE PARISH COMMUNICATION DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**OCTOBER 31, 2005**

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.	1,147,014
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,887)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 1,141,127</u>

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, 2005**

	Office of Homeland Security and Emergency Preparedness	Communication System Management (Non-Major)	Total Governmental Funds
<b>REVENUE</b>			
Governmental Appropriations	\$ 222,428	\$ 180,208	\$ 402,636
Grant Revenue	265,722	-	265,722
Interest Earnings	2,280	3,120	5,400
Miscellaneous Revenue	<u>431</u>	<u>-</u>	<u>431</u>
Total Revenue	<u>490,861</u>	<u>183,328</u>	<u>674,189</u>
<b>EXPENDITURES</b>			
Current:			
Contractual Services	-	9,855	9,855
Dues and Licenses	440	190	630
Duplicating Expense	541	81	622
Insurance	26,510	-	26,510
Miscellaneous	2,234	-	2,234
Non-Capital Grant Expenses	2,610	-	2,610
Postage	238	-	238
Printing	21	-	21
Professional Fees	1,684	750	2,434
Publication and Recordings	130	-	130
Repairs and Maintenance	10,912	42,024	52,936
Retirement and Medicare	11,536	-	11,536
Salaries	84,672	-	84,672
Supplies and Materials	13,848	247	14,095
Telecommunications	16,808	25,827	42,635
Tower Rentals	-	17,376	17,376
Training	2,337	2,629	4,966
Transportation	7,868	-	7,868
Travel and Meetings	558	285	843
Utilities	155	7,946	8,101
Capital Outlay			
Equipment	<u>295,807</u>	<u>17,176</u>	<u>312,983</u>
Total Expenditures	<u>478,909</u>	<u>124,386</u>	<u>603,295</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>11,952</u>	<u>58,942</u>	<u>70,894</u>

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, 2005**

	<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 (BROUGHT FORWARD)	<u>11,952</u>	<u>58,942</u>	<u>70,894</u>
<b>OTHER FINANCING USES</b>			
Reimbursement of Excess Funds:			
City/Parish of Lafayette	<u>(11,952)</u>	<u>(58,942)</u>	<u>(70,894)</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

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, 2005

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.	83,606
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>(1,571)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$ 82,035</u>

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

LAFAYETTE PARISH COMMUNICATION DISTRICT

STATEMENT OF NET ASSETS  
PROPRIETARY FUND - "911" FUND  
OCTOBER 31, 2005

ASSETS

CURRENT ASSETS

Cash	\$ 4,316,312
Telephone Tax Receivable	261,970
Due from Other Government Agencies	70
Prepaid Maintenance Contract	6,080
Prepaid Lease	<u>19,402</u>
Total Current Assets	<u>4,603,834</u>

PROPERTY AND EQUIPMENT

Building and Improvements	757,663
Furniture and Equipment	5,982,073
Construction in Progress	<u>1,913,097</u>
Total	8,652,833
Less: Accumulated Depreciation	<u>(5,776,807)</u>
Net Property and Equipment	<u>2,876,026</u>

TOTAL ASSETS \$ 7,479,860

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 112,098
Salaries Payable	<u>19,490</u>
Total Current Liabilities	131,588

NON-CURRENT LIABILITIES

Accrued Compensated Absences	<u>26,936</u>
TOTAL LIABILITIES	<u>158,524</u>

NET ASSETS

Invested in Capital Assets	2,876,026
Unrestricted	<u>4,445,310</u>
TOTAL NET ASSETS	<u>7,321,336</u>

TOTAL LIABILITIES AND NET ASSETS \$ 7,479,860

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



**LAFAYETTE PARISH COMMUNICATION DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUND - "911" FUND  
 FOR THE YEAR ENDED OCTOBER 31, 2005**

<b>OPERATING REVENUE</b>		
Telephone Tax		<u>\$ 2,987,970</u>
<b>OPERATING EXPENSES</b>		
Contractual Services		13,055
Depreciation		299,260
Dues and Subscriptions		490
Duplicating Expense		970
Insurance		199,128
Land Lease		253
Miscellaneous		6,630
Office and Postage		1,707
Printing		547
Professional Fees		14,166
Publication and Recordings		1,026
Repairs and Maintenance		107,353
Retirement and Medicare		117,064
Salaries		782,827
Supplies and Materials		37,397
Telecommunications		379,862
Training		9,714
Transportation		6,431
Travel and Meetings		31
Uniforms		683
Utilities		<u>155</u>
Total Operating Expenses		<u>1,978,749</u>
<b>OPERATING INCOME</b>		<u>1,009,221</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Miscellaneous Revenue		1,481
Interest Earnings		<u>110,178</u>
Total Non-Operating Revenues (Expenses)		<u>111,659</u>
<b>INCREASE IN NET ASSETS</b>		1,120,880
<b>NET ASSETS, BEGINNING</b>		<u>6,200,456</u>
<b>NET ASSETS, ENDING</b>		<u>\$ 7,321,336</u>

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

LAFAYETTE PARISH COMMUNICATION DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - "911" FUND  
FOR THE YEAR ENDED OCTOBER 31, 2005

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received From Providing Services	\$ 2,911,889
Cash Paid to Suppliers	(946,819)
Cash paid to Employees	<u>(774,060)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 1,191,010

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Property and Equipment	(1,468,763)
Interest on Investments	<u>110,178</u>

NET CASH USED IN INVESTING ACTIVITIES (1,358,585)

NET DECREASE IN CASH AND CASH EQUIVALENTS (167,575)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 4,483,887

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 4,316,312

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
BY OPERATING ACTIVITIES:**

Operating Income	\$ 1,009,221
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	299,260
Land Lease Amortization	253
Miscellaneous Revenue	1,481
Changes in Assets and Liabilities:	
Telephone Tax Receivable	(77,562)
Prepaid Expenses	4,864
Due from Other Funds	197
Due from Others	88
Accounts Payable	(55,559)
Salaries Payable	5,935
Accrued Compensated Absences	<u>2,832</u>

Net Cash Provided by Operating Activities \$ 1,191,010

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

## LAFAYETTE PARISH COMMUNICATION DISTRICT

### NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2005

#### (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. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999.

LAFAYETTE PARISH COMMUNICATION DISTRICT

NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2005

(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

NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2005

(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. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The 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 meets the criteria of a major fund and is 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

NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2005

(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

NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2005

(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, 2005, accrued compensated absences in the "911" Fund amounted to \$26,936. The portion of accrued compensated absences attributed to the Office of Homeland Security and Emergency Preparedness Fund amounted to \$5,887 on October 31, 2005. 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

NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2005

(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

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2005

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

Capital Outlay	\$ 312,983
Depreciation	<u>(229,377)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	\$ <u>83,606</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, 2005.

(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, 2005, the telephone tax receivable was \$261,970. 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, 2005, was \$128,600.

(F) CONSTRUCTION IN PROGRESS

Included in property and equipment of the "911" Fund is construction in progress of \$1,913,097. This consists of \$80,824 on the Communications Tower Project, \$10,341 on the AVL Equipment Project and \$1,821,932 on the Mobile Communications Center Project and Mobile Support Facility, including related telecommunications equipment.

**LAFAYETTE PARISH COMMUNICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2005**

**(G) CAPITAL ASSETS**

Capital asset activity for the year ended October 31, 2005 was as follows:

	<u>Balance</u> <u>11/1/2004</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirements/</u> <u>Adjustments</u>	<u>Balance</u> <u>10/31/2005</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated				
Buildings	\$ 6,472	\$ -	\$ -	\$ 6,472
Furniture and Equipment	<u>1,377,172</u>	<u>312,983</u>	-	<u>1,690,155</u>
Total capital assets being depreciated	<u>1,383,644</u>	<u>312,983</u>	-	<u>1,696,627</u>
Less: Accumulated Depreciation for:				
Buildings	6,472	-	-	6,472
Furniture and Equipment	<u>313,764</u>	<u>229,377</u>	-	<u>543,141</u>
Total accumulated depreciation	<u>320,236</u>	<u>229,377</u>	-	<u>549,613</u>
Total capital assets being depreciated, net	<u>1,063,408</u>	<u>83,606</u>	-	<u>1,147,014</u>
Governmental activities capital assets, net	<u>\$ 1,063,408</u>	<u>\$ 83,606</u>	<u>\$ -</u>	<u>\$ 1,147,014</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated				
Construction in Progress	<u>\$ 619,274</u>	<u>\$ 1,293,823</u>	<u>\$ -</u>	<u>\$ 1,913,097</u>
Capital assets, being depreciated				
Building and Improvements	757,663	-	-	757,663
Furniture and Equipment	<u>5,807,133</u>	<u>174,940</u>	-	<u>5,982,073</u>
Total capital assets being depreciated	<u>6,564,796</u>	<u>174,940</u>	-	<u>6,739,736</u>
Less: Accumulated Depreciation for:				
Building and Improvements	164,010	36,944	-	200,954
Furniture and Equipment	<u>5,313,537</u>	<u>262,316</u>	-	<u>5,575,853</u>
Total accumulated depreciation	<u>5,477,547</u>	<u>299,260</u>	-	<u>5,776,807</u>
Total capital assets being depreciated, net	<u>1,087,249</u>	<u>(124,320)</u>	-	<u>962,929</u>
Business-type activities capital assets, net	<u>\$ 1,706,523</u>	<u>\$ 1,169,503</u>	<u>\$ -</u>	<u>\$ 2,876,026</u>

Depreciation expense for the year ended October 31, 2005 was charged as direct expense to programs of the government as follows:

Governmental Activities - Public Safety	<u>\$ 229,377</u>
Business Type Activities - Public Safety	<u>\$ 299,260</u>

**LAFAYETTE PARISH COMMUNICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2005**

**(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, 2005 through March 26, 2006 with monthly lease payments of \$16,785. Future minimum lease payments at October 31, 2005, were \$83,925.

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, 2005, and \$1,448 beginning November 1, 2005. Total lease expense for the year ended October 31, 2005 was \$17,376. Future minimum lease payments at October 31, 2005, 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, 2005.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAFAYETTE PARISH COMMUNICATION DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
BUDGET (GAAP BASIS) AND ACTUAL  
ENTERPRISE FUND - PROPRIETARY FUND  
FOR THE YEAR ENDED OCTOBER 31, 2005**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Telephone Tax	\$ 2,500,000	\$ 2,500,000	\$ 2,987,970	\$ 487,970
Miscellaneous Revenue	-	-	1,481	1,481
Interest Earnings	25,000	25,000	110,178	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>3,099,629</u>	<u>624,629</u>
<b>EXPENSES</b>				
Current:				
Contractual Services	40,000	20,000	13,055	6,945
Depreciation	850,000	850,000	299,260	550,740
Dues and Subscriptions	1,000	1,000	490	510
Duplicating Expense	1,200	1,200	970	230
Insurance	171,000	214,600	199,128	15,472
Land Lease	300	300	253	47
Miscellaneous	9,000	7,500	6,630	870
Office and Postage	1,000	3,000	1,707	1,293
Printing	800	800	547	253
Professional Fees	39,000	22,600	14,166	8,434
Publication and Recordings	2,500	1,500	1,026	474
Repairs and Maintenance	132,200	132,200	107,353	24,847
Retirement and Medicare	130,000	122,000	117,064	4,936
Salaries	906,400	831,400	782,827	48,573
Supplies and Materials	30,000	48,000	37,397	10,603
Telecommunications	600,000	596,000	379,862	216,138
Training	15,000	10,000	9,714	286
Transportation	5,000	8,700	6,431	2,269
Travel and Meetings	2,500	1,100	31	1,069
Uniforms	1,500	1,500	683	817
Utilities	250	250	155	95
Total Expenses	<u>2,938,650</u>	<u>2,873,650</u>	<u>1,978,749</u>	<u>894,901</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(463,650)</u>	<u>(398,650)</u>	<u>1,120,880</u>	<u>1,519,530</u>

LAFAYETTE PARISH COMMUNICATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 BUDGET (GAAP BASIS) AND ACTUAL  
 ENTERPRISE FUND - PROPRIETARY FUND  
 FOR THE YEAR ENDED OCTOBER 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES (BROUGHT FORWARD)	\$ (463,650)	\$ (398,650)	\$ 1,120,880	\$ 1,519,530
NET ASSETS, BEGINNING	<u>6,200,456</u>	<u>6,200,456</u>	<u>6,200,456</u>	<u>-</u>
NET ASSETS, ENDING	<u>\$ 5,736,806</u>	<u>\$ 5,801,806</u>	<u>\$ 7,321,336</u>	<u>\$ 1,519,530</u>

**LAFAYETTE PARISH COMMUNICATION DISTRICT**

**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, 2005**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Government Appropriations	\$ 174,000	\$ 222,131	\$ 222,428	\$ 297
Grant Revenues	-	265,722	265,722	-
Interest Earnings	1,200	1,200	2,280	1,080
Miscellaneous Revenues	-	-	431	431
Total Revenue	175,200	489,053	490,861	1,808
<b>EXPENDITURES</b>				
Current:				
Dues, Licenses and Subscriptions	500	500	440	60
Duplicating Expense	700	700	541	159
Insurance	22,000	28,400	26,510	1,890
Interest Expense	50	50	-	50
Miscellaneous	3,500	2,700	2,234	466
Non-Capital Grant Expenses	-	2,610	2,610	-
Postage	350	350	238	112
Printing	300	300	21	279
Professional Fees	1,500	1,700	1,684	16
Publication and Recordings	500	500	130	370
Repairs and Maintenance	15,000	11,300	10,912	388
Retirement and Medicare	8,300	11,900	11,536	364
Salaries	85,000	86,500	84,672	1,828
Supplies and Materials	7,400	14,400	13,848	552
Telecommunications	19,500	18,600	16,808	1,792
Training	4,400	2,900	2,337	563
Transportation	6,000	8,000	7,868	132
Travel and Meetings	-	1,100	558	542
Utilities	200	300	155	145
Capital Outlay:				
Equipment	-	296,243	295,807	436
Total Expenditures	175,200	489,053	478,909	10,144
EXCESS OF REVENUES OVER EXPENDITURES	-	-	11,952	11,952
<b>OTHER FINANCING USES</b>				
Reimbursement of Excess Funds:				
City/Parish of Lafayette	-	-	(11,952)	(11,952)
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	-	-	-	-
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	\$ -	\$ -	\$ -	\$ -

**OTHER SUPPLEMENTARY INFORMATION**



LAFAYETTE PARISH COMMUNICATION DISTRICT

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, 2005

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Government Appropriation	\$ 150,000	\$ 165,000	\$ 180,208	\$ 15,208
Interest Earnings	-	-	3,120	3,120
Total Revenue	<u>150,000</u>	<u>165,000</u>	<u>183,328</u>	<u>18,328</u>
<b>EXPENDITURES</b>				
Current:				
Contractual Services	-	15,000	9,855	5,145
Dues and Licenses	400	400	190	210
Duplicating Expense	300	300	81	219
Postage	100	100	-	100
Printing	300	300	-	300
Professional Fees	800	800	750	50
Publications and Recordations	500	500	-	500
Repairs and Maintenance	89,100	51,800	42,024	9,776
Supplies and Materials	2,500	1,000	247	753
Telecommunications	20,000	30,000	25,827	4,173
Tower Rentals	30,000	30,000	17,376	12,624
Training	-	3,500	2,629	871
Travel and Meetings	-	3,000	285	2,715
Utilities	6,000	10,800	7,946	2,854
Capital Outlay:				
Equipment	-	17,500	17,176	324
Total Expenditures	<u>150,000</u>	<u>165,000</u>	<u>124,386</u>	<u>40,614</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>58,942</u>	<u>58,942</u>
<b>OTHER FINANCING USES</b>				
Reimbursement of Excess Funds:				
City/Parish of Lafayette	-	-	(58,942)	(58,942)
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>

**LAFAYETTE PARISH COMMUNICATION DISTRICT**  
**SCHEDULE OF WIRELESS E911 REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED OCTOBER 31, 2005**

REVENUES

Nextel	\$ 107,287
Cingular Wireless	808,577
Centennial Cellular Corporation	179,753
Sprint PCS	136,643
T-Mobile USA, Inc.	29,470
Verizon Wireless	39,429
Virgin Mobile	29,541
Acadiana Cellular GP	27,094
Onstar Corporation	1,123
Telecorp Communications, LLC	1,637
Tritel Communications, LLC	321
Houma-Thibodeaux Cellular Partnership	307
Louisiana RSA No. 7 Cellular GP	258
Excel Telecommunications	94
Louisiana RSA No. 8 LP	<u>50</u>
 TOTAL REVENUES	 <u>\$1,361,584</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**

# WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

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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 as of and for the year ended October 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 20, 2006. 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 and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*  
WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, L.L.C.  
Certified Public Accountants

January 20, 2006

**LAFAYETTE PARISH COMMUNICATION DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED OCTOBER 31, 2005**

We have audited the financial statements of the Lafayette Parish Communication District as of and for the year ended October 31, 2005 and have issued our report thereon dated January 20, 2006. 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, 2005 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	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable Conditions	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
---------------------------------------------	------------------------------	----------------------------------------

***Section II - Financial Statement Findings***

There were no reportable conditions or instances of material noncompliance noted during the audit.

**Section III - Federal Award Findings and Questioned Costs**

This section is not applicable for the year ended October 31, 2005.

**LAFAYETTE PARISH COMMUNICATION DISTRICT**

**SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED OCTOBER 31, 2005**

There were no prior year findings.

**LAFAYETTE PARISH COMMUNICATION DISTRICT**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED OCTOBER 31, 2005**

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