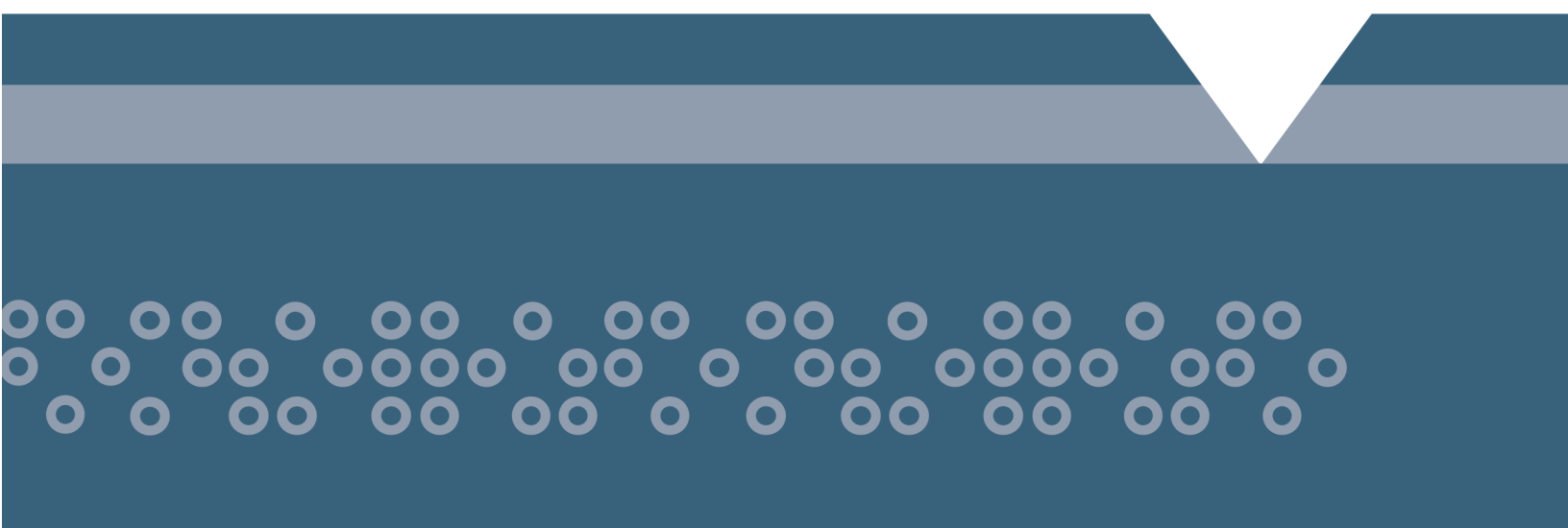


**Caddo Parish Communications District Number One**  
**(a component unit of the Caddo Parish Commission)**  
Shreveport, Louisiana

December 31, 2022



**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**SHREVEPORT, LOUISIANA**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**SHREVEPORT, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Our discussion and analysis of Caddo Parish Communications District Number One's (the District) financial performance provides an overview of the Caddo Parish Communications District Number One's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the District's financial statements, which follows this section.

**FINANCIAL HIGHLIGHTS**

The Caddo Parish Communications District Number One's net position decreased by \$884,188 or 7.0%.

The Caddo Parish Communications District Number One's total general revenues were \$4,467,328 in 2022 compared to \$4,477,700 in 2021.

During the year ended December 31, 2022, the Caddo Parish Communications District Number One had total expenses, excluding depreciation of \$1,327,042, of \$4,024,474 compared to total expenses, excluding depreciation of \$646,166, of \$3,700,679, for the year ended December 31, 2021.

As of December 31, 2022, the assets of the District exceeded liabilities and deferred inflows of resources by \$11,733,144; \$6,073,886 or 51.8% of net position are invested in capital assets while \$5,659,258 or 48.2% of net position are unrestricted and may be used at the District's discretion to meet on going obligations to the citizens.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

- The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund - General Fund, which is a governmental fund.

- *Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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 District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Change in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets.

## **FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities and deferred inflows of resources by \$11,733,144 as of December 31, 2022, compared to \$12,617,332 at the end of the previous year.

The District's net position totaling \$6,073,886 is invested in capital assets. The District uses these capital assets in the execution of its duties; consequently, these assets are not available for future spending. The investment in capital assets has been reduced by the amount of outstanding debt, the proceeds of which were used in the construction or purchase of the assets, and lease obligations.

**Table 1  
Net Position**

	Governmental Activities	
	2022	2021
Current and other assets	\$ 7,868,303	\$ 8,258,884
Capital assets	17,760,667	16,772,025
Total assets	<u>25,628,970</u>	<u>25,030,909</u>
Current and other liabilities	133,286	173,577
Long-term liabilities (including current portion)	11,575,000	12,240,000
Lease obligations	1,810,850	-
Total liabilities	<u>13,519,136</u>	<u>12,413,577</u>
Deferred inflows of resources - leases	376,690	-
Net position		
Investment in capital assets, net of related debt	6,073,886	6,231,249
Unrestricted	<u>5,659,258</u>	<u>6,386,083</u>
Total net position	<u>\$ 11,733,144</u>	<u>\$ 12,617,332</u>

The balance of unrestricted net position of \$5,659,258, at December 31, 2022, is used to meet the District's ongoing obligations to citizens.

Governmental activities decreased the District's net position by \$884,188 for the year ended December 31, 2022, which was a 7.0% decrease in net position, compared to an increase of \$130,855 for the year ended December 31, 2021, which was a 1.0% increase in net position. Key elements of the increases are as follows:

**Table 2  
Changes in Net Position**

	Governmental Activities	
	2022	2021
Revenues-general:		
Telephone tariffs	\$ 4,186,011	\$ 4,132,199
Other	281,317	345,501
Total revenues	<u>4,467,328</u>	<u>4,477,700</u>
Expenses:		
Public safety	<u>(5,351,516)</u>	<u>(4,346,845)</u>
Increase (decrease) in net position	(884,188)	130,855
Net position, beginning of year	<u>12,617,332</u>	<u>12,486,477</u>
Net position, end of year	<u>\$ 11,733,144</u>	<u>\$ 12,617,332</u>

Total revenues decreased \$10,372 (.2%) from 2021 to 2022. Total expenses increased \$1,004,671 (23.1%) from 2021 to 2022.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

### ***Governmental Funds***

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

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

- As of the close of the current fiscal year, the District's general fund reported an ending fund balance of \$7,269,360, a decrease of \$716,317 (9.0%) from the prior fiscal year. The fund balance is comprised of the following: nonspendable for \$82,854 representing prepaid assets; 5,487,437 representing unassigned available for general purposes of the District; and \$1,699,069 representing unspent certificates of indebtedness from the 2021 debt issue that is to be used for capital improvements.
- The decrease in the fund balance for 2022 is largely due to the capital outlay of fixed asset additions of approximately \$540,519.

### ***Budgetary Highlights***

The original budget for the year ended December 31, 2022 for the District was adopted in December 2021. Two budget revisions were made during the year ended December 31, 2022. The District's budgetary comparison schedule is presented as required supplementary information and shown on Page 21. Actual revenues exceeded budgeted revenues by \$237,703. Actual expenditures were \$853,741 less than budgeted expenditures.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets:*** The District's investment in capital assets as of December 31, 2022 amounts to \$17,760,667 (net of accumulated depreciation and amortization) compared to \$16,772,025 at December 31, 2021. This investment in capital assets includes land, building and improvements, furniture and equipment, and right of use assets. During 2022, the District added \$540,519 in capital assets which were offset by \$1,327,402 in current year depreciation. Due to a new accounting standard, the District also recognized \$1,957,807 of right of use assets which were offset by \$182,282 of current year amortization. Additions of capital assets during 2022 represents expenditures for 911 system upgrades. For additional information regarding capital assets, see Notes 1, 4 and 6 to the basic financial statements.

***Long-Term debt:*** At December 31, 2022, the District had total debt outstanding of \$11,575,000 compared to \$12,240,000 at December 31, 2021. The following table summarizes debt outstanding at December 31, 2022 and 2021:

**Table 3**  
**Outstanding Debt**

	2022	2021
Certificates of indebtedness	\$ 11,575,000	\$ 12,240,000
Total		

For additional information regarding long-term debt, see Note 7 to the basic financial statements.

**Lease Obligations:** Due to implementation of a new accounting standard, the District recognized lease obligations totaling \$1,810,850 at December 31, 2022. The following table summarizes the lease obligations outstanding at December 31, 2022:

Balance January 1, 2022	Retirements or payments	Balance December 31, 2022
\$ 1,957,807	\$ 146,957	\$ 1,810,850

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In preparing the budget for the fiscal year 2023, historical data was used to estimate revenue projections and expenditures. Expenditures for operating activities for 2023 are expected to substantially be the same as 2022. Expenditures for capital improvements are expected to be approximately \$1,857,927 for 911 system upgrades and approximately \$1,822,477 for facility refresh improvements. Revenues are expected to be substantially the same as 2022.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tommy Mazzone, Executive Director, or by calling (318) 675-2222.



**AUDITED FINANCIAL STATEMENTS**



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REGIONS TOWER  
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101  
318.429.1525 (P) | 318.429.2124 (F)

Members of the Board of Commissioners  
Caddo Parish Communications District Number One  
Shreveport, Louisiana

### **Independent Auditor's Report**

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Caddo Parish Communications District Number One (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Caddo Parish Communications District Number One and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and *Budgetary Comparison Schedule* on Pages i-v and 21-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The information required in accordance with Louisiana Revised Statutes (LRS) 33:9109E and 24:513(A)(3) on pages 23 and 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana  
May 16, 2023

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**STATEMENT OF NET POSITION**

**DECEMBER 31, 2022**

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**ASSETS**

Cash and cash equivalents	\$ 2,887,108
Investments	2,267,079
Accounts receivable	609,822
Lease receivable	322,371
Prepaid assets	82,854
Restricted cash	1,699,069
Capital assets:	
Land	498,307
Construction in progress	300,128
Other capital assets, net of accumulated depreciation	15,186,707
Lease right of use asset, net	<u>1,775,525</u>
Total assets	25,628,970

**LIABILITIES**

Accounts payable	105,795
Interest payable	27,491
Long-term liabilities:	
Due within one year	685,000
Due in more than one year	<u>10,890,000</u>
	11,575,000
Lease obligations:	
Due within one year	144,117
Due in more than one year	<u>1,666,733</u>
	1,810,850
Total liabilities	13,519,136
Deferred inflows of resources-leases	<u>376,690</u>
Total liabilities and deferred inflows of resources	13,895,826

**NET POSITION**

Net investment in capital assets	6,073,886
Unrestricted	<u>5,659,258</u>
Total net position	<u><u>\$ 11,733,144</u></u>

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The accompanying notes are an integral part of these financial statements.

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues- Charges for Services</u>	<u>Net (Expenses) Revenue and Changes in Net Assets</u>
Total governmental activities-public safety	\$ 4,955,020		
Interest expense and related charges	<u>396,496</u>		
Total expenses	5,351,516	-	\$ (5,351,516)
General revenues:			
Telephone tariff			4,186,011
Tower lease income			122,722
Miscellaneous			<u>158,595</u>
Total general revenues			<u>4,467,328</u>
Change in net position			(884,188)
Net position, beginning of year			<u>12,617,332</u>
Net position, end of year			<u><u>\$ 11,733,144</u></u>

---

The accompanying notes are an integral part of these financial statements.

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE

GOVERNMENTAL FUND

BALANCE SHEET

DECEMBER 31, 2022

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<b>ASSETS</b>	<u>General Fund</u>
Cash and cash equivalents (Note 2)	\$ 2,887,108
Investments (Note 3)	2,267,079
Accounts receivable	493,364
Lease receivable	322,371
Prepaid assets	82,854
Restricted cash (Note 2)	<u>1,699,069</u>
 Total assets	 <u>\$ 7,751,845</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
<u>Liabilities:</u>	
Accounts payable	<u>\$ 105,795</u>
 Total liabilities	 105,795
 Deferred inflows of resources-leases	 <u>376,690</u>
 Total liabilities and deferred inflows of resources	 482,485
<u>Fund balance:</u>	
Nonspendable	82,854
Spendable:	
Restricted for capital improvements	1,699,069
Unassigned	<u>5,487,437</u>
Total spendable	<u>7,186,506</u>
Total fund balance	<u>7,269,360</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 7,751,845</u>

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The accompanying notes are an integral part of these financial statements.

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

Fund balances-total governmental funds	\$	7,269,360
Amounts reported for governmental activities in the statement of net position are different because:		
Service charges received for the fourth calendar quarter of the year are received too late to be considered current resources of the governmental fund, but are accrued in the statement of net position.		
		116,458
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Cost of capital assets	\$ 32,870,335	
<u>Less-accumulated depreciation</u>	<u>(16,885,193)</u>	15,985,142
Lease right of use asset	1,957,807	
<u>Less-accumulated amortization</u>	<u>(182,282)</u>	1,775,525
Long-term liabilities and interest payable applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances at December 31, 2022 are:		
Long-term liabilities-certificates of indebtedness	(11,575,000)	
Interest payable	(27,491)	
Lease obligation	<u>(1,810,850)</u>	<u>(13,413,341)</u>
Net position of governmental activities	\$	<u>11,733,144</u>

The accompanying notes are an integral part of these financial statements.



**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**GOVERNMENTAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund
<u>Revenues:</u>	
Telephone tariffs	\$ 4,198,415
Tower lease income (Note 5)	122,722
Miscellaneous	158,595
Total revenues	4,479,732
<u>Expenditures:</u>	
Current-public safety:	
Personal services	1,211,646
Materials and supplies	47,305
Contracted services (Note 8)	2,186,385
Capital outlay:	
Equipment	211,036
Facility refresh	72,639
Radio system enhancements	256,844
Debt service:	
Principal	665,000
Interest, fees, and charges	349,809
Principal on lease obligation	146,957
Interest on lease obligation	48,428
Total expenditures	5,196,049
<u>Net change in fund balance</u>	(716,317)
<u>Fund balance, beginning of year</u>	7,985,677
<u>Fund balance, end of year</u>	\$ 7,269,360

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The accompanying notes are an integral part of these financial statements.

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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Net change in fund balance-total governmental funds \$ (716,317)

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

Governmental funds do not report noncurrent resources. However, these resources are reported in the statement of activities under full accrual accounting:

Net change in service charges for fourth quarter on prepaid wireless cards (12,404)

Governmental funds report capital outlays for fixed assets and lease right of use assets as expenditures:

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Capital outlay additions	540,519	
Depreciation expense	(1,327,402)	
Amortization of right of use asset	(182,282)	(969,165)

The net issuance and repayment of the principal of long-term debt and lease obligations produces and consumes current financial resources of governmental funds, but has no effect on net position:

Repayment of bond principal	665,000	
Repayment of lease obligation	146,957	811,957

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

1,741

Change in net position of governmental activities \$ (884,188)

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The accompanying notes are an integral part of these financial statements.

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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**1. Summary of Significant Accounting Policies**

The Caddo Parish Communications District Number One (the District) was created by the Caddo Parish Commission (the Commission) by ordinance on September 25, 1985, as provided under Louisiana Revised Statute 33:9103. The District is comprised of property within the Parish of Caddo and is governed by a Board of Commissioners. The purpose of the District is to provide a primary three-digit emergency telephone number (911) and related support system for Caddo Parish.

***Reporting Entity***

The basic criterion for determining whether a governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

Parish Ordinance No. 4462 of 2006, which amended Section 21-668 of Ordinance No. 2291 of 1985, provides that four (4) board members be nominated by the Mayor of the City of Shreveport, which have been approved by the City Council; one (1) board member be nominated by the Caddo Parish Sheriff; and two (2) board members be appointed from electors outside the City of Shreveport by the Caddo Parish Commission. The Caddo Parish Commission, however, must approve all City and Sheriff nominees. The District constitutes a political subdivision of the State of Louisiana and is a component unit of the Caddo Parish Commission.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant accounting policies:

**(a) *Basis of Presentation - Fund Accounting***

**Government-Wide and Fund Financial Statements**

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

The government-wide financial statements (GWFS) (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District.

The content and certain titles of the GWFS were changed upon the adoption by the District in 2012 of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets. The District had no deferred outflows of resources at December 31, 2022.

Accordingly, the statement of net position presents information on all of the District's assets, liabilities, and deferred inflows of resources, with the difference

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. There are no indirect expenses allocated to this function. Depreciation expense is included in the direct expense of the function. Program revenues, if any, include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Other items, such as interest income, not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements (FFS) are provided for governmental funds. Major individual governmental funds are reported as separate columns in the FFS. The District has only one fund - the General Fund, which is reported as a major fund and is used to account for all the activities of the District. The operations of the General Fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through the General Fund.

**(b) Basis of Accounting**

**Government-Wide Financial Statements**

The statement of net position and the statement of activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The telephone tariff is a nonexchange transaction and is recognized in the period when the related telephone service is provided.

**Fund Financial Statements**

**Governmental Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed by all governmental funds. Under the modified accrual basis of accounting, revenues are recorded when

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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susceptible to accrual (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Telephone tariff, investment income and tower lease income are susceptible to accrual and are recognized when earned. Miscellaneous other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Expenditures related to long-term liabilities are recognized when the liability is incurred and has matured.

**(c) Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the GWFS. Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available, and depreciated over their estimated useful lives. Donated capital assets are recorded at their acquisition value at the date of donation. The District maintains a threshold level for capitalization of \$1,500 for all fixed assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are not reported in the FFS.

Estimated useful life is management’s estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is calculated based on the following estimated useful lives:

Building and improvements	10-30 years
Furniture and equipment	4-30 years

**(d) Long-Term Liabilities**

In the GWFS, long-term debt is reported as a liability in the statement of net position. Bond issuance costs are generally not material and are expensed.

In the FFS, governmental funds recognize bond issuance costs as expenditures during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**(e) Telephone Tariffs**

On April 5, 1986, the voters of Caddo Parish approved the assessment of a telephone surcharge fee pursuant to Louisiana Revised Statute 33:9106 to fund the development, implementation and operation of an enhanced emergency telephone reporting system, 9-1-1. Since the initial election and authorization to assess surcharge fees, the fees have been increased over time through authorization by legislative action.

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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During the 1996 Special Session of the Louisiana Legislature, LSA – R.S. 9131.1 was enacted, which enabled the District to assess cellular and other wireless telecommunications services, as well as allow the District to increase the 9-1-1 surcharge fee upon voter approval, and convert the fee structure from a tariff based rate to a flat fee. On September 21, 1996, the voters of Caddo Parish approved two referendums, which allowed the District to increase the 9-1-1 surcharge fees for residential and business wireline subscribers, and allowed the District to assess cellular and other wireless services. Effective December 1, 1996, the rate for wireline business customers was \$2.00 per month per line up to 100 lines, and the rate for wireline residential customers was \$1.00. The rate for cellular and wireless services was \$1.00 per month per line per subscriber. During the 2009 legislative session, Act 531 of 2009 was enacted that allowed for the assessment of 9-1-1 surcharge fees on pre-paid wireless services to be levied by retailers at the point of sale at 2% of amount of services purchased. The prepaid wireless funds are collected by the retailers and then remitted to the Louisiana Department of Revenue (DOR). The DOR then distributes the surcharge fees on a quarterly basis to each communications district based upon population of each parish according to the latest census.

As a result of tariff increases approved by the Louisiana Public Service Commission, effective January 1, 2016, the Board of Commissioners of the District adopted an ordinance which increased wireline residential and wireline business rates effective July 1, 2016. The wireline residential surcharge fee became \$1.25 per month per line, and the wireline business surcharge fee became \$2.50 per line per month up to 100 lines per business.

Pursuant to Act 665 of 2016, the Board of Commissioners adopted an ordinance on September 20, 2016, which became effective on January 1, 2017, increasing the District's 9-1-1 surcharge fees on postpaid wireless services to \$1.25 month.

Pursuant to Act 590 of 2016, which became effective on October 1, 2016, the prepaid wireless surcharge fee rate increased from 2% to 4% at the point of sale by the retailer on the amount of prepaid wireless service purchased.

Total revenues derived from wireless service providers in Caddo Parish for the year ended December 31, 2022, were \$2,966,798. In accordance with L.R.S 33:9109, the financial records of the District must be audited pursuant to the provisions of R.S. 24:513. In addition, each district is required to submit an annual report to the legislative auditor, which includes information on the revenues derived from the wireless service charges authorized by 33:9109 and the use of such revenues. Such report must include a report on the status of implementation of wireless E911 service. The District has completed the implementation of wireless Enhanced 9-1-1 service within Caddo Parish and expended \$1,682,087 in communications enhancements for the year ended December 31, 2022.

**(f) *Prepaid Assets***

Prepaid assets include amounts paid for service in advance, and are shown as an asset until consumed. In addition, a corresponding amount of fund balance of the general fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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**(g) Investments**

Investments in money market investments, which consist of governmental mutual money market funds, and debt instruments of federal government agencies, are reported at amortized cost, which approximates market value. State statutes generally authorize the District to invest in direct United States Treasury obligations; indebtedness issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government); indebtedness issued or guaranteed by federally sponsored U.S. government agencies; time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana; or mutual or trust fund institutions which are registered with the Securities and Exchange Commission.

**(h) Use of Estimates**

Management of the District has made a number of estimates and assumptions relating to the assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

**(i) Fund Equity in Fund Financial Statements**

Governmental fund equity is classified as fund balance. Beginning in 2011, the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources that are either:
  - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
  - Imposed by law through constitutional provisions or enabling legislation.

The unspent proceeds from the 2021 certificates of indebtedness can be used only for the purpose of making capital improvements to the District, and therefore are restricted at December 31, 2022.

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's board of commissioners, which is the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of year-end.
- **Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the District's board of commissioners, or a subordinate high-level body, such as a finance committee, or an official, such as the administrator, that has the authority to assign amounts to be used for specific purposes. The District did not have any assigned resources as of yearend.
- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

**(j) Leases**

The District adopted GASB Statement 87 in 2022, which outlines a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right of use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The lease liability and lease receivable are initially measured at the present values of the respective lease payments at the inception of the lease or adoption of the lease standard over the remaining term of the lease, and are reduced by the portion of periodic lease payments that is not considered interest. The right of use asset is amortized to expense, and deferred inflow of resources is amortized to income. The interest component of lease payments made is recognized as interest expense, and the interest component of lease payments received is recognized in income.



CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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**2. Cash and Cash Equivalents**

***Deposits***

The District had a carrying value of total cash at December 31, 2022 of \$4,586,177, which consisted of unrestricted cash of \$2,887,108 and restricted cash of \$1,699,069. Total cash amounts on deposit at the bank at December 31, 2022 amounted to \$4,656,934; the difference between this amount and the total carrying value is due to outstanding checks at the end of the year. In accordance with state law, all cash on deposit was insured by federal depository insurance or collateralized with securities held in the District's name by the depository bank.

Custodial credit risk is the risk that, in the event of a financial institution failure, the District's deposits might not be recovered. It is the District's policy to require collateralization with securities owned by the pledging institution for those amounts of deposits in excess of federal depository insurance amounts.

Restricted cash represents unspent debt proceeds from the 2021 Certificates of Indebtedness issue. These proceeds are required to be used for capital improvements of the District, including its communications system.

**3. Investments**

Investments consist of the following at December 31, 2022:

	<u>Estimated Market</u>
Investment cash	\$ 117,253
U.S. Treasury and Agency mutual funds	167,491
U.S. Treasury and GSE Securities, due 2023, rates ranging from 0.125% to 0.27%	<u>1,982,335</u>
	<u>\$ 2,267,079</u>

Custodial credit risk is the risk that, in the event of a failure by the holder of the securities, the District's investments might not be recovered. Except for its mutual funds, which are not categorized as to level of risk because they are not evidenced by securities that exist in physical or book entry form, the District's other investments are insured up to \$500,000 by the Securities Investor Protection Corporation.

Under state law and its own policy, the District may invest in U.S. Treasury obligations, debt issued or guaranteed by federal agencies or federal government instrumentalities and backed by the United States of America, certificates of deposit or share accounts of certain banks, credit unions, or savings and loan associates within the state, and debt issued by the state or any of its political subdivisions.

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**4. Capital Assets**

A summary of changes in capital assets is as follows:

	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2022</u>
Capital assets not being depreciated:				
Land	\$ 498,307	\$ -	\$ -	\$ 498,307
Construction in progress	<u>26,023</u>	<u>274,105</u>	<u>-</u>	<u>300,128</u>
	524,330	274,105	-	798,435
Capital assets being depreciated:				
Building and improvements	9,198,754	-	-	9,198,754
Furniture and equipment	<u>22,606,731</u>	<u>266,414</u>	<u>-</u>	<u>22,873,145</u>
Total assets being depreciated	31,805,485	266,414	-	32,071,899
<u>Less-accumulated depreciation for:</u>				
Building and improvements	6,293,974	247,189	-	6,541,163
Furniture and equipment	<u>9,263,816</u>	<u>1,080,213</u>	<u>-</u>	<u>10,344,029</u>
Total accumulated depreciation	<u>15,557,790</u>	<u>1,327,402</u>	<u>-</u>	<u>16,885,192</u>
Total capital assets being depreciated, net	<u>16,247,695</u>	<u>(1,060,988)</u>	<u>-</u>	<u>15,186,707</u>
Capital assets, net	<u>\$ 16,772,025</u>	<u>\$ (786,883)</u>	<u>\$ -</u>	<u>\$ 15,985,142</u>

Depreciation expense of \$1,327,042 was charged to the public safety function for governmental activities.

Construction in progress represents payments to date for facility refurbishments.

**5. Lessor Leases**

At December 31, 2022, the District leases two communications tower sites to three private communications service providers. These leases have remaining terms that end in 2024, 2025, and 2027, and provide either for monthly payments of \$732 or annual advance payments of \$78,821 and \$42,068. Total lease revenue for 2022 amounted to \$122,722 (including \$97,483 amortized from deferred inflows of resources) and \$7,747 in interest income from the lease receivable.

Future minimum lease receivable principal and interest payments to be received are as follows:

Years ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 120,600	\$ 9,077	\$ 129,677
2024	121,100	5,647	126,747
2025	39,769	2,299	42,068
2026	40,902	1,166	42,068
2027	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 322,371</u>	<u>\$ 18,189</u>	<u>\$ 340,560</u>

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**6. Lessee Leases**

At December 31, 2022, the District has three noncancelable operating leases for the lease of land on which communication tower sites were constructed. Two leases have remaining terms ending in 2028 at monthly rental amounts of \$5,339 through \$6,037. One lease has a remaining term ending in 2035 at monthly rental amounts of \$10,251 through \$13,089. Total payments made under these leases during 2022 amounted to \$195,385.

Following is a summary of lease transactions during 2022:

	Balance January 1, 2022	Additions	Retirements or Payments	Balance December 31, 2022
Right of use asset	\$ 1,957,807	\$ -	\$ -	\$ 1,957,807
Accumulated amortization	-	(182,282)	-	(182,282)
Right of use asset, net	<u>\$ 1,957,807</u>	<u>\$ (182,282)</u>	<u>\$ -</u>	<u>\$ 1,775,525</u>
Lease obligation	<u>\$ 1,957,807</u>	<u>\$ -</u>	<u>\$ (146,957)</u>	<u>\$ 1,810,850</u>

Lease obligation principal and interest requirements to maturity are as follows:

Years ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 144,117	\$ 50,080	\$ 194,197
2024	149,893	45,881	195,774
2025	166,329	41,438	207,767
2026	175,226	36,539	211,765
2027	180,285	31,479	211,764
2028-2032	664,546	98,322	762,868
2033-2035	330,454	11,486	341,940
	<u>\$ 1,810,850</u>	<u>\$ 315,225</u>	<u>\$ 2,126,075</u>

Total lease-related expenses in the GWFS for 2022 include amortization of the lease right of use asset of \$182,282 and interest on the lease obligation of \$48,428.

**7. Long-Term Debt**

Long-term debt from direct borrowings consists of the following:

\$12,240,000 Certificates of Indebtedness, Series 2021, due in annual installments of \$665,000 to \$985,000 through December 1, 2036, interest at 2.85%.	<u>\$ 11,575,000</u>
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**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

A summary of changes in long-term debt follows:

	Balance January 1, 2022	Additions	Retirements and Payments	Balance December 31, 2022	Due in One Year
Certificates of indebtedness-					
2021	\$ 12,240,000	\$ -	\$ (665,000)	\$ 11,575,000	\$ 685,000
	<u>\$ 12,240,000</u>	<u>\$ -</u>	<u>\$ (665,000)</u>	<u>\$ 11,575,000</u>	<u>\$ 685,000</u>

There are a number of limitations and restrictions contained in the Certificates of Indebtedness.

Management believes that the District is in substantial compliance with all significant limitations and restrictions. The certificates are secured by and payable solely from a pledge of the excess of annual revenues. Total interest expense incurred on all debt, including leases, during 2022 amounted to \$396,496 as reported in the Statement of Activities.

The annual requirements to amortize long-term debt as of December 31, 2022 are as follows:

Years ending December 31:	Certificates of Indebtedness	Interest Payments	Total
2023	\$ 685,000	\$ 329,888	\$ 1,014,888
2024	705,000	310,365	1,015,365
2025	725,000	290,273	1,015,273
2026	745,000	269,610	1,014,610
2027	765,000	248,377	1,013,377
2028-2032	4,170,000	901,598	5,071,598
2033-2036	<u>3,780,000</u>	<u>273,172</u>	<u>4,053,172</u>
	<u>\$ 11,575,000</u>	<u>\$ 2,623,283</u>	<u>\$ 14,198,283</u>

**8. Contracted Services**

Contracted services include payments for outside services such as telephone, equipment and property maintenance, tower rental, utilities, payments to the City of Shreveport, and professional services. Payments to the City of Shreveport were to reimburse the Shreveport Fire Department for the costs associated with providing centralized dispatching for the Caddo Parish Fire Districts.

A summary of contracted services for the year ended December 31, 2022 is as follows:

Telephone	\$ 677,733
Payments to the City of Shreveport	364,194
Equipment and property maintenance	557,646
Professional services	204,089
Utilities	178,458
Other	<u>204,265</u>
	<u>\$ 2,186,385</u>

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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**9. Benefit Plan**

The District provides a deferred compensation plan in accordance with the Internal Revenue Code Section 457 (Section 457 Plan). Because the District's Section 457 Plan does not meet the criteria established under GASB Statement No. 32, the balances in assets and liabilities are not presented in the financial statements of the District. The District is required to contribute 7.5% of each employee's compensation to the plan; such contributions amounted to \$59,716 for the year ended December 31, 2022.

**10. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District obtains commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the current or prior three fiscal years that exceeded the District's insurance coverage.

**11. Subsequent Events**

The District is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the financial statements. The District performed such an evaluation through May 16, 2023, the date the financial statements were available to be issued, noting no such events.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Positive (Negative) Variance with Final Budget
<u>Revenues:</u>				
Telephone tariffs	\$ 4,217,374	\$ 4,024,887	\$ 4,198,415	\$ 173,528
Tower lease income	117,682	132,605	122,722	(9,883)
Interest income	15,000	3,685	(45,753)	(49,438)
Miscellaneous	<u>203,835</u>	<u>80,852</u>	<u>204,348</u>	<u>123,496</u>
Total revenues	4,553,891	4,242,029	4,479,732	237,703
<u>Expenditures:</u>				
Current-public safety:				
Personal services	1,349,469	1,241,309	1,211,646	29,663
Materials and supplies	40,000	49,385	47,305	2,080
Contracted services	2,067,407	2,190,970	2,186,385	4,585
Capital outlay	4,030,677	1,363,855	540,519	823,336
Debt service (principal, interest, fees, and charges)	1,014,809	1,014,809	1,014,809	-
Debt service on lease obligation (principal and interest)	<u>189,462</u>	<u>189,462</u>	<u>195,385</u>	<u>(5,923)</u>
Total expenditures	8,691,824	6,049,790	5,196,049	853,741
<u>Net change in fund balance</u>	(4,137,933)	(1,807,761)	(716,317)	1,091,444
<u>Fund balance, beginning of year</u>	<u>7,950,831</u>	<u>7,985,677</u>	<u>7,985,677</u>	<u>-</u>
<u>Fund balance, end of year</u>	<u>\$ 3,812,898</u>	<u>\$ 6,177,916</u>	<u>\$ 7,269,360</u>	<u>\$ 1,091,444</u>

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**

**NOTES TO BUDGETARY COMPARISON SCHEDULE**

**DECEMBER 31, 2022**

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**Budget and Budgetary Accounting**

The District adopts a budget for the General Fund. Budgetary data was prepared based on prior year actual operating revenues and expenditures.

The District follows these procedures in establishing the budgetary data reflected in these financial statements:

- (1) The budget sub-committee prepares a proposed budget and submits it to the Board of Commissioners. At the same time, a public hearing is called.
- (2) A public hearing is held on the proposed budget.
- (3) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution at least 15 days prior to the commencement of the fiscal year for which the budget is being adopted.
- (4) The budget document is structured such that revenues are budgeted by source and appropriations are budgeted by function and by object. District policy provides that expenditures may not legally exceed appropriations on a functional basis. Budgetary amendments require approval of the Board of Commissioners. Two budget revisions were made during the year ended December 31, 2022.
- (5) All budgetary appropriations lapse at the end of each fiscal year.

The basis of accounting applied to budgetary data presented is substantially consistent with the appropriate basis of accounting for the fund.

**Budget Variances - Major Funds**

During 2022, total actual revenues did not fail to meet budgeted revenues by 5% or more, and actual expenditures did not exceed budgeted expenditures by 5% or more.



**SUPPLEMENTARY INFORMATION**

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH**  
**LOUISIANA REVISED STATUTE 33:9109E**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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The District assesses a 911 surcharge fee for cellular and other wireless services. The assessment of the wireless 911 surcharge fee was approved to fund, along with other funding sources, Phases I and II enhancements required by the FCC, a parish wide 800 MHz trunked radio system, and other communication enhancements. As of December 31, 2022, the radio project is completely implemented and is being used to serve the citizens of Caddo Parish.

Total revenues derived from wireless service providers in Caddo Parish for the year ended December 31, 2022 are as follows:

2022	<u>\$ 2,966,798</u>
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Total expenditures for the parish-wide P25 Radio System and other communication enhancements for the year ended December 31, 2022 are as follows:

Radio communication enhancements, Including debt service	<u>\$1,682,087</u>
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**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH**  
**LOUISIANA REVISED STATUTE 24:513(A)(3) (ACT 706 OF 2014)**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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Agency Head: Martha Carter, Administrator (1/1/2022 through 5/31/2022)

Salary	\$ 56,921
Benefits-insurance-health	11,323
Benefits-retirement	8,824
Car allowance	750
Dues and memberships	167

Agency Head: Thomas Mazzone, Administrator (6/1/2022 through 12/31/2022)

Salary	\$ 65,509
Benefits-insurance-health	21,594
Benefits-retirement	4,913
Car allowance	1,050
Dues and memberships	292
Travel	2,614

## **OTHER REPORTS**



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REGIONS TOWER  
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101  
318.429.1525 (P) | 318.429.2124 (F)

Members of the Board of Commissioners  
Caddo Parish Communications District Number One  
Shreveport, Louisiana

**Independent Auditor’s 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**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Caddo Parish Communications District Number One (the District), a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated May 16, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion of the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana  
May 16, 2023

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Caddo Parish Communications District Number One.
2. No material weaknesses relating to the audit of the basic financial statements are reported.
3. No instances of noncompliance material to the basic financial statements of Caddo Parish Communications District Number One were disclosed during the audit.
4. Caddo Parish Communications District Number One was not subject to a Federal Single Audit for the year ended December 31, 2022.

**B. Findings - Financial Statement Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs**

Not applicable.

**CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

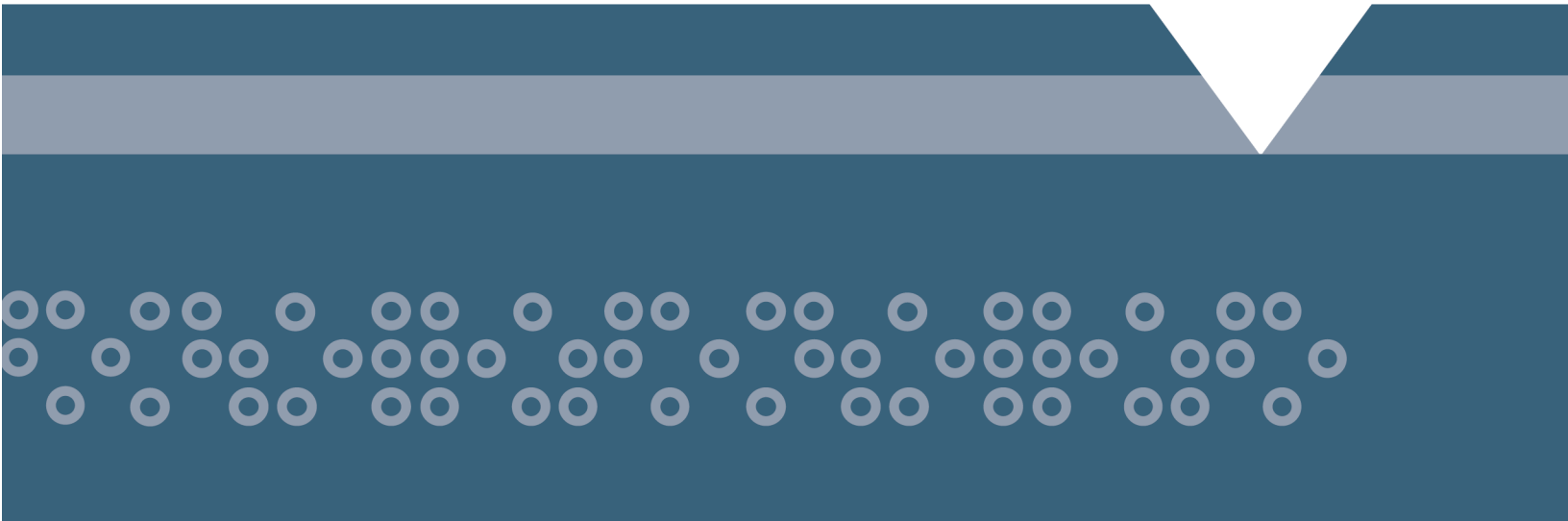
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There were no findings and questioned costs from the prior year.



**Caddo Parish Communications District Number One**  
Shreveport, Louisiana

Statewide Agreed-Upon Procedures Report





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REGIONS TOWER  
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101  
318.429.1525 (P) | 318.429.2124 (F)

May 16, 2023

Board of Commissioners  
Caddo Parish Communications District Number One  
Shreveport, Louisiana

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. Caddo Parish Communication District Number One's (CPCD 1) management is responsible for those C/C areas identified in the SAUPs.

CPCD 1 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.  
*The entity has written policies and procedures that adequately address the budget function.*
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*The entity has written policies and procedures that adequately address the purchasing function. Although the entity does not have a formal requisition and purchase order system due to its small size, all purchases are approved by the District's Executive Director.*

- c) **Disbursements**, including processing, reviewing, and approving.

*The entity has written policies and procedures that adequately address the disbursements function.*

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*The entity has written policies and procedures that adequately address the receipts and collections function.*

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rate of pay or approval and maintenance of pay rate schedules.

*The entity has written policies and procedures that adequately address the payroll and personnel function.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The entity has written policies and procedures that adequately address the contracting function.*

- g) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*The entity has written policies and procedures that adequately address the credit card function.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*The entity has written policies and procedures that adequately address the travel and expense reimbursement function.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*The entity has policies and procedures that adequately address ethics requirements.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*The entity has policies and procedures that adequately address the debt service function.*

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*The entity has policies and procedures that adequately address information technology disaster recovery/business continuity requirements.*

- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*The entity has policies and procedures that adequately address sexual harassment requirements.*

### **Board or Finance Committee**

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*The entity's Board of Commissioners met monthly in accordance with its bylaws, with the exception of the February, July, and September meetings. Under its bylaws, the Board may change the frequency of its meetings.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

*Each meeting's minutes referred to budget-to-actual financial statement comparisons of its sole fund.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*The entity's sole fund did not reflect a negative unassigned fund balance in the prior year audit report.*

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*The entity had no audit findings from its prior year audit.*

### ***Bank Reconciliations***

---

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);  
*No exceptions noted.*
  - b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and  
*Bank reconciliations reviewed by the Executive Director.*
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.  
*No exceptions noted.*

### ***Collections (excluding electronic funds transfers)***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).  
*The entity has one physical office location where deposits are prepared and reconciled.*
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.  
*No exceptions noted.*
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.  
*No exceptions noted.*
  - c) Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.  
*No exceptions noted.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

*No exceptions noted.*

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

*No exceptions noted.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

*In lieu of pre-numbering receipts, all receipts are recorded on a daily receipt listing that is reconciled to the validated deposit slip in order to ensure the completeness of deposits.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions noted.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions noted.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

*Per the entity's cash receipts policy, deposits are to be made within one week (5 business days) of receipt. No exceptions to policy or procedure noted.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*No exceptions noted.*

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*Per listing provided by management, payments are processed through one location - the Main Office.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.  
*Job duties appear properly segregated.*
  - b) At least two employees are involved in processing and approving payments to vendors.  
*Job duties appear properly segregated.*
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.  
*Job duties appear properly segregated.*
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.  
*Job duties appear properly segregated.*
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.  
*Job duties appear properly segregated.*

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.  
*No exceptions noted.*
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.  
*No exceptions noted.*
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entities policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were

made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

*No exceptions noted.*

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Obtained listing and related documentation of all active cards from Management.*

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported).

*Monthly statements and related payments are reviewed and approved by the Executive Director and/or two members of the Board of Commissioners, as applicable.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*No exceptions noted.*

14. Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*No exceptions noted.*

### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

---

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:



- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*No exceptions noted.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*No exceptions noted.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1h.

*No exceptions noted.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

## **Contracts**

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16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*No exceptions noted.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

*No exceptions noted.*

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment, the documented approval).

*No exceptions noted.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions noted.*

## ***Payroll and Personnel***

---

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Obtained listing from Management and agreed selected employees' salaries and pay rates without exception.*

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

*No exceptions noted.*

b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

*No exceptions noted.*

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*Records covering accrued and used leave appear reasonable.*

d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*No exceptions noted.*

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

*No exceptions noted.*

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*Management's representation obtained covering these statements.*

## **Ethics**

---

21. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above: obtain ethics documentation from management, and:
- Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.  
*No exceptions noted.*
  - Observe whether the entity maintains documentation which demonstrates that each employee and official was notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.  
*N/A- no changes to the entity’s ethics policy during the fiscal period.*
  - Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.  
*No exceptions noted.*

## **Debt Service**

---

22. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.  
*N/A – no new debt issued during the fiscal period.*
23. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).  
*N/A – no covenants requiring reserve balances or payments related to outstanding bonds/notes.*

## **Fraud Notice**

---

24. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:253.  
*N/A – no misappropriations of public funds identified during the fiscal period.*
25. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.  
*No exceptions noted.*

## ***Information Technology Disaster Recovery/Business Continuity***

---

26. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

*We performed the procedure and discussed the results with management.*

- b. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

- c. Obtain a listing of the entity’s computers currently in use, and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management.*

27. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*No exceptions noted.*

## ***Prevention of Sexual Harassment***

---

28. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

*No exceptions noted.*

29. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

*No exceptions noted.*

30. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

*Exception: Report was signed February 7, 2023.*

*Management Response: New management personnel were unfamiliar with this deadline, and now have posted the due date notice on the applicable policy binder and created an electronic calendar reminder for future years to ensure compliance.*

- a. Number and percentage of public servants in the agency who have completed the training requirements;

*No exceptions noted.*

- b. Number of sexual harassment complaints received by the agency;

*No exceptions noted.*

- c. Number of complaints which resulted in a finding that sexual harassment occurred;

*No exceptions noted.*

- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

*No exceptions noted.*

- e. Amount of time it took to resolve each complaint.

*No exceptions noted.*

We were engaged by CPCD 1 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of CPCD 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Heard, McElroy & Vestal, LLC*