

TANGIPAHOA PARISH COUNCIL  
Amite, Louisiana  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
BUDGET (GAAP BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE  
For The Year Ended December 31, 1995

	ENTERPRISE FUND		
	BUDGET	ACTUAL	VARIANCE
<b>OPERATING REVENUES</b>			
Charges for services	\$236,000	\$230,897	(\$5,103)
Other revenue	12	12	-
Total Operating Revenues	<u>236,012</u>	<u>230,909</u>	<u>(5,103)</u>
<b>OPERATING EXPENSES</b>			
Personnel services	52,600	54,438	(1,838)
Materials and supplies	13,100	12,453	647
Professional services	30,322	33,479	(3,157)
Repairs and maintenance	66,165	71,024	(4,859)
Other expenses	25,880	19,342	6,538
Depreciation	25,000	52,365	(27,365)
Total Operating Expenses	<u>213,067</u>	<u>243,101</u>	<u>(30,034)</u>
Operating Income (Loss)	22,945	(12,192)	(35,137)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	160	112	(48)
Interest expense	(40,000)	(44,565)	(4,565)
Gain (Loss) on sale of assets	14,500	(6,250)	(20,750)
Total Non-Operating Revenues (Expenses)	<u>(25,340)</u>	<u>(50,703)</u>	<u>(25,363)</u>
Net (Loss) Before Operating Transfers	(2,395)	(62,895)	(60,500)
Operating transfers in	-	25,000	25,000
Net (Loss)	(2,395)	(37,895)	(35,500)
Add depreciation on fixed assets acquired by donations that reduces contributed capital	-	32,555	32,555
Sale of fixed assets acquired by donation that reduces contributed capital	-	20,750	20,750
Increase (Decrease) in Retained Earnings	(2,395)	15,410	17,805
Retained Earnings (Deficit) at Beginning of Year	<u>(44,284)</u>	<u>(44,284)</u>	<u>-</u>
Retained Earnings (Deficit) at End of Year	<u>(\$46,679)</u>	<u>(\$28,874)</u>	<u>\$17,805</u>

The notes to the financial statements are an integral part of this statement.

TANGIPAHOA PARISH COUNCIL  
Amite, Louisiana  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
BUDGET (GAAP BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE  
For The Year Ended December 31, 1995

	INTERNAL SERVICE FUND		
	BUDGET	ACTUAL	VARIANCE
<b>OPERATING REVENUES</b>			
Charges for services	\$365,460	\$426,127	\$60,667
	<u>365,460</u>	<u>426,127</u>	<u>60,667</u>
<b>OPERATING EXPENSES</b>			
Personnel services	282,900	299,569	(16,669)
Materials and supplies	35,500	35,860	(360)
Professional services	500	490	10
Repairs and maintenance	5,200	6,399	(1,199)
Other expenses	39,839	12,751	27,088
Depreciation	-	22,254	(22,254)
Total Operating Expenses	<u>363,939</u>	<u>377,323</u>	<u>(13,384)</u>
Operating Income	<u>1,521</u>	<u>48,804</u>	<u>47,283</u>
<b>NON-OPERATING REVENUES</b>			
Interest income	<u>7,700</u>	<u>7,557</u>	<u>(143)</u>
Total Non-Operating Revenues	<u>7,700</u>	<u>7,557</u>	<u>(143)</u>
Net Income before Operating Transfers	9,221	56,361	47,140
Operating transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net Income (loss)	(15,779)	31,361	47,140
Retained Earnings at Beginning of Year	<u>104,861</u>	<u>104,861</u>	<u>-</u>
Retained Earnings at End of Year	<u>\$89,082</u>	<u>\$136,222</u>	<u>\$47,140</u>

The notes to the financial statements are an integral part of this statement.

TANGIPAHOA PARISH COUNCIL  
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COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPES  
For the Year Ended December 31, 1995

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	(\$12,192)	\$48,804
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation	52,365	22,254
Increase in accounts receivable	(3,925)	-
Increase in due from other funds	-	(4,000)
Increase (decrease) in accounts payable	(34,039)	47
Increase (decrease) in accrued expenses	(25,993)	4,147
Increase in due to other funds	4,000	-
Total adjustments	<u>(7,592)</u>	<u>22,448</u>
Net cash provided by (used for) operating activities	<u>(19,784)</u>	<u>71,252</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating transfer out	-	(25,000)
Operating transfer in	25,000	-
Principal repayments	(7,079)	-
Interest paid	<u>(44,565)</u>	<u>-</u>
Net cash (used for) noncapital financing activities	<u>(26,644)</u>	<u>(25,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Payments for capital acquisitions	(15,841)	(23,168)
Proceeds from sale of assets	14,500	-
Proceeds from revenue bonds	<u>30,300</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>28,959</u>	<u>(23,168)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest income	<u>112</u>	<u>7,557</u>
Net cash provided by investing activities	<u>112</u>	<u>7,557</u>
<b>NET CASH INCREASE (DECREASE) FOR THE YEAR</b>	<b>(17,357)</b>	<b>30,641</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>31,095</b>	<b>35,691</b>
<b>CASH AT END OF YEAR</b>	<b><u>\$13,738</u></b>	<b><u>\$66,332</u></b>
<b>RECONCILIATION OF CASH</b>		
UNRESTRICTED	\$11,302	
RESTRICTED	2,436	
	<u>\$13,738</u>	

The notes to the financial statements are an integral part of this statement.

**TANGIPAHOA PARISH COUNCIL**  
Amite, Louisiana

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 1995

**INTRODUCTION**

The Tangipahoa Parish Council is the governing authority for Tangipahoa Parish and is a political subdivision of the State of Louisiana. The Parish of Tangipahoa operates under a home rule charter and is governed by the "council-president" form of government. An elected council of ten members representing the various districts within the parish constitute the legislative branch of the government and an elected president is the chief executive officer and head of the executive branch. The council and president serve four year terms that expire in January 1996.

Louisiana Revised Statute 33:1236 gives the Tangipahoa Parish Council various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage systems; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks is provided by ad valorem and sales taxes, beer and alcoholic beverage permits, state revenue sharing, and various other state and federal grants.

Tangipahoa Parish occupies approximately 818 square miles with a population of approximately 92,000. The parish council maintains approximately 1100 miles of roads, 550 miles of which are paved and 550 miles of which are gravel. Parish council offices are located in the parish courthouse in Amite, Louisiana, with road maintenance facilities located at 2 locations within the parish.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) the primary government (Tangipahoa Parish Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Tangipahoa Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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Notes to Financial Statements (Continued)

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Tangipahoa Parish Council to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Tangipahoa Parish Council.
2. Organizations for which the Tangipahoa Parish Council does not appoint a voting majority but are fiscally dependent on the Tangipahoa Parish Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Tangipahoa Parish Council has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Communication District No. 1	December 31	1
Gravity Drainage Districts:		
No. 1	December 31	1
No. 4	December 31	1
No. 5	December 31	1
Construction Board of Adjustments & Appeals	December 31	1
Fire Protection District No. 1	December 31	1
Gas Utility District No. 1	December 31	1
Hospital Service Districts:		
No. 1	June 30	1
No. 2	September 30	1
Industrial Development Districts:		
No. 1	December 31	1
No. 2	December 31	1
Recreation Districts:		
No. 5	December 31	1
No. 6	December 31	1
Tangipahoa Parish Industrial Development Board	December 31	1
Tangipahoa Parish Library	December 31	1
Tangipahoa Parish Planning Commission	December 31	1
Tangipahoa Parish Tourist Commission	December 31	1

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Notes to Financial Statements (Continued)

Waterworks Districts:

No. 8	December 31	1
Husser-Loranger	December 31	1
Tangipahoa Water District	December 31	1

The Tangipahoa Parish Council has chosen to issue financial statements of the primary government (Tangipahoa Parish Council) only; therefore, none of the previously listed component units are included in the accompanying financial statements.

These primary government (Tangipahoa Parish Council) financial statements include all funds, account groups, and organizations for which the Tangipahoa Parish Council maintains the accounting records. The organizations for which the Tangipahoa Parish Council maintains the accounting records are considered part of the primary government (Tangipahoa Parish Council) and include Fire Protection District No.2, Recreation Districts No. 1 and No. 2, Twenty-First Judicial Criminal Court Fund, and Sewerage District No. 1.

GASB Statement 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (Tangipahoa Parish Council) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (Tangipahoa Parish Council).

Considered in the determination of component units of the reporting entity were the Tangipahoa Parish Sheriff, Clerk of Court, Tax Assessor, School Board, the District Attorney for the Twenty-First Judicial District, and the various municipalities in the parish. It was determined that these governmental entities are not component units of the Tangipahoa Parish Council reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Tangipahoa Parish Council.

**B. FUND ACCOUNTING**

The Tangipahoa Parish Council uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

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Amite, Louisiana

Notes to Financial Statements (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Tangipahoa Parish Council are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental Funds**

Governmental funds are used to account for all or most of the Tangipahoa Parish Council's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. General Fund--the general operating fund of the Tangipahoa Parish Council which accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds--account for the proceeds of specific revenue sources that are *legally restricted to expenditures for specified purposes*.
3. Debt Service Funds--account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.
4. Capital Projects Funds--account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

**Proprietary Funds**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

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Notes to Financial Statements (Continued)

1. Enterprise funds--account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The enterprise fund is the Sewerage District No. 1 Fund, established by the parish governing authority under provisions of Louisiana Revised Statute 33:881. The district is governed by a five-member board of commissioners, which is appointed by the parish council. Financing is provided by user fees.

2. Internal service funds--account for the financing of goods or services provided by one department to other departments or governments on a cost-reimbursement basis.

The internal service fund is the Administrative Fund, established by the council to render administrative and accounting services to various funds. It receives a fee from each fund based on a combination of revenues received and services rendered for that fund.

**Fiduciary Funds**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Tangipahoa Parish Council. Fiduciary funds include an agency fund which accounts for assets that the Tangipahoa Parish Council holds on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**C. BASIS OF ACCOUNTING**

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 are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:



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Amite, Louisiana

Notes to Financial Statements (Continued)

**Revenues**

Revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are measurable and available).

**Expenditures**

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenses, and other long-term obligations which are recognized when paid.

**Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

**D. BUDGETS**

The council uses the following budget practices:

1. Preliminary budgets for the ensuing year are prepared by the director of finance during October of each year. During November, the council reviews the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets are then advertised in the official journal. Prior to meeting in December, the council holds a public hearing on the proposed budgets in order to receive comments from residents. Changes are made to the proposed budgets based on the public hearings and the desires of the council as a whole. The budgets are then adopted during the council's meeting and notice is published in the official journal.
2. Unexpended appropriations lapse at year-end and must be reappropriated in the next year's budget to be expended.

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Amite, Louisiana

Notes to Financial Statements (Continued)

3. The council adopted modified accrual basis budgets for the General Fund and all special revenue funds, except for the Criminal Court Fund for which there was no budget adopted. The council adopted accrual basis budgets for the proprietary funds. Budgetary control is at the functional level. Within functions, the parish president has the authority to make amendments as necessary.
  
4. During the year, the council receives quarterly budget comparison statements that are used to control the operations of the parish. The director of finance presents necessary budget amendments to the council during the year when, in his judgment, actual operations differ materially from those anticipated in the original budget. During a regular meeting the council reviews the proposed amendments, makes changes as it feels necessary, and formally adopts the amendments. The adoption of amendments is included in council minutes published in the official journal. The budget for 1995 was amended several times; the final amended budget of December 26, 1995, is reflected in the accompanying budget comparisons.
  
5. The following reconciles the revenues, expenditures, and other financing sources (uses) for the special revenue funds as shown on Exhibit B with the amount shown on Exhibit C:

Revenues - Exhibit B	\$11,392,086
Criminal Court fund	<u>(418,451)</u>
Revenues - Exhibit C	<u>\$10,973,635</u>
Expenditures - Exhibit B	\$10,750,968
Criminal Court fund	<u>(406,801)</u>
Expenditures - Exhibit C	<u>\$10,344,167</u>
Other financing sources (uses) - Exhibit B	\$ 111,975
Criminal Court fund	<u>(28,907)</u>
Other financing sources (uses) - Exhibit C	<u>\$ 140,882</u>

Tangipahoa Parish Council  
Amite, Louisiana

Notes to Financial Statements (Continued)

**E. ENCUMBRANCES**

The Tangipahoa Parish Council does not use encumbrance accounting.

**F. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts invested in the Louisiana Asset Management Pool. Under state law, the Tangipahoa Parish Council may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

During the year ended December 31, 1995, the Tangipahoa Parish Council began investing funds with the Louisiana Asset Management Pool (LAMP). LAMP is a cash management pool initiated by the Louisiana State Treasurer's Office.

Under state law, the Tangipahoa Parish Council may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments in the deferred compensation agency fund are reported at market.

**G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

**H. RESTRICTED ASSETS**

Restricted cash in Sewerage District No. 1 at December 31, 1995, consists of cash reserved for contingencies of \$2,436.

Tangipahoa Parish Council  
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Notes to Financial Statements (Continued)

**I. FIXED ASSETS**

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. The costs of constructing and capping landfill cells and constructing a sludge treatment facility at the landfill are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available, except for donated assets which are stated at their market value on the date donated.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation has been provided over the estimated useful lives of the fixed assets principally using the straight-line method.

**INTERNAL SERVICE FUND**

Office equipment 3 - 7 years

**ENTERPRISE FUND**

Sewer utilities -

Treatment plants and lift stations 20 - 40 years

Sewerage system mains and lines 20 - 40 years

Depreciation of sewer utilities assets acquired by donation is treated as a reduction of contributed capital.

**J. COMPENSATED ABSENCES**

The Tangipahoa Parish Council has the following policy relating to vacation and sick leave:

Parish Council employees are entitled to certain compensated absences based on their length of employment and overtime worked. Vested compensated absences are recorded as expenditures when the liability is incurred. Sick leave has not been accrued as the employee's right to sick leave does not vest.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges not requiring current resources, if any, is recorded in the general long-term obligations account group. Leave privileges associated with employees of the proprietary funds are recorded as a fund liability and salary expense.

Tangipahoa Parish Council  
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Notes to Financial Statements (Continued)

**N. AD VALOREM TAXES**

Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent after December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

**O. SALES TAXES**

On October 3, 1992, the voters of Tangipahoa Parish approved a renewal of a one per cent parishwide general sales and use tax to be levied for the Tangipahoa Parish Council. The proceeds of the tax are dedicated on the basis of 75 per cent for road and bridge maintenance and the remaining 25 per cent for general government purposes. The tax as renewed is effective through December 31, 1997.

**P. TOTAL COLUMNS ON COMBINED STATEMENTS**

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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Notes to Financial Statements (Continued)

**2. FUND DEFICITS**

The following individual fund has a deficit in retained earnings at December 31, 1995:

<u>Fund</u>	<u>Deficit Amount</u>
Enterprise Fund - Sewerage District No. 1	\$28,874

The deficit will be eliminated with increased revenues resulting from anticipated increases in the number of customers. Also, the monthly sewer fee was increased in January 1996, from \$16.50 to \$20.00.

**3. EXPENDITURES/EXPENSES - ACTUAL AND BUDGET**

The following individual funds have actual expenditures/expenses over budgeted expenditures/expenses for the year ended December 31, 1995:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special Revenue			
Road and Bridge	\$3,610,250	\$3,738,724	\$128,474
Road and Bridge Contract	2,562,000	2,684,477	122,477
Road Lighting District No. 1	1,928	1,996	68
Road Lighting District No. 2	7,720	7,879	159
Road Lighting District No. 3	3,669	3,686	17
Road Lighting District No. 4	6,785	6,831	46
Garbage District No. 1	1,955,804	1,977,911	22,107
Rural Fire Protection			
District No. 2	744,917	878,539	133,622
Section 8 Voucher	147,125	172,605	25,480
Enterprise			
Sewerage District No. 1	<u>253,067</u>	<u>293,916</u>	<u>40,849</u>
Total	<u>\$9,293,265</u>	<u>\$9,766,564</u>	<u>\$473,299</u>

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Notes to Financial Statements (Continued)

**4. LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes for the year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parishwide taxes:			
General Fund	5.00	4.92	Const.
Health Unit Maintenance			
Special Revenue Fund	4.00	4.33	1996
District taxes:			
Special revenue funds:			
Road Lighting District No. 1	2.00	2.00	2004
Road Lighting District No. 2	15.00	16.62	1996
Road Lighting District No. 3	15.00	15.85	2000
Road Lighting District No. 4	15.00	15.29	1997
Garbage District No. 1	10.00	10.00	2002
Fire Protection District No. 2	10.00	10.00	2003
Debt service funds:			
Road Districts:			
No. 101	Variable	.54	1995
Sub-District No. 1 of No. 101	Variable	.55	1995
General Service Sub-Districts:			
No. 4A	Variable	24.02	2003
No. 5	Variable	22.14	2003
No. 8	Variable	9.92	2003
Recreation Districts:			
No. 1	Variable	5.88	1997
No. 2	Variable	3.02	1998

The differences between authorized and levied millages are the result of the reassessment of taxable property within the parish required by Article 7, Section 23 of the Louisiana Constitution of 1974.

Tangipahoa Parish Council  
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Notes to Financial Statements (Continued)

**5. CASH AND CASH EQUIVALENTS**

At December 31, 1995, the Tangipahoa Parish Council has cash and cash equivalents (book balances) totaling \$4,272,631 comprised of the following:

Deposits (see a below)	
Interest-bearing demand deposits	\$1,220,409
Investments (see b below)	
Investment in Louisiana Asset Management Pool	<u>3,052,222</u>
Total	<u>\$4,272,631</u>

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

At December 31, 1995, the Tangipahoa Parish Council has \$1,981,680 in deposits (collected bank balances). These deposits are secured from risk by \$543,467 of federal deposit insurance, \$870,258 of pledged securities held by the Federal Reserve in the name of the council (GASB Category 1), and \$567,955 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities identified as GASB Category 3, above, are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Tangipahoa Parish Council that the fiscal agent has failed to pay deposited funds upon demand.

- b. The investment in the Louisiana Asset Management Pool (LAMP) is stated at cost, which approximates market. The LAMP is a cooperative endeavor of local governmental entities created at the initiative of the Louisiana State Treasurer's Office for those entities electing to pool funds for investment.

The LAMP is designed to comply with the restrictions on investment by municipalities, parishes, and other types of political subdivisions imposed under La. R.S. 33:2955. The investment advisor is restricted to maintaining a dollar-weighted average portfolio maturity of not more than 90 days. Investments in the LAMP are not "deposits" within the meaning of the Federal Deposit Insurance Act and such investments are not insured.



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Notes to Financial Statements (Continued)

**6. RECEIVABLES**

The following is a summary of receivables at December 31, 1995:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Proprietary Funds</u>
Taxes:				
Ad valorem	\$300,602	\$1,534,820	\$336,327	\$ -
Sales and use	157,985	473,955	-	-
State revenue sharing	59,888	384,744	-	-
Other	228,781	8,581	-	-
Intergovernmental grants:				
Federal	8,510	-	-	-
State	50,000	62,640	-	-
Accounts	-	202,874	-	37,288
Other	<u>155,795</u>	<u>30,446</u>	<u>-</u>	<u>-</u>
Total	<u>\$961,561</u>	<u>\$2,698,060</u>	<u>\$336,327</u>	<u>\$37,288</u>

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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Notes to Financial Statements (Continued)

**7. FIXED ASSETS**

The changes in general fixed assets follow:

	Balance January 1, <u>1995</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>1995</u>
<b>COUNCIL:</b>				
Land	\$ 1,700,833	\$ 271,195	* \$ -	\$ 1,972,028
Buildings	11,093,828	2,529,542	630	13,622,740
Machinery and Equipment	3,131,583	1,457,047	517,230	4,071,400
Office Furniture	302,855	-	80,832	** 222,023
Construction in Progress	<u>2,442,303</u>	<u>245,010</u>	<u>2,442,303</u>	<u>245,010</u>
Subtotals	<u>18,671,402</u>	<u>4,502,794</u>	<u>3,040,995</u>	<u>20,133,201</u>
<b>CRIMINAL COURT:</b>				
Furniture and Equipment	<u>15,290</u>	<u>47,684</u>	<u>-</u>	<u>62,974</u>
<b>RECREATION DISTRICT NO. 1:</b>				
Buildings	501,900	-	-	501,900
Equipment	<u>38,529</u>	<u>-</u>	<u>-</u>	<u>38,529</u>
Subtotals	<u>540,429</u>	<u>-</u>	<u>-</u>	<u>540,429</u>
<b>RECREATION DISTRICT NO. 2:</b>				
Buildings	37,571	-	-	37,571
Equipment	<u>645,380</u>	<u>-</u>	<u>-</u>	<u>645,380</u>
Subtotals	<u>682,951</u>	<u>-</u>	<u>-</u>	<u>682,951</u>
<b>RURAL FIRE PROTECTION DISTRICT NO. 2:</b>				
Equipment	<u>2,298,863</u>	<u>37,904</u>	<u>-</u>	<u>2,336,767</u>
<b>SEWER IMPROVEMENTS - CDBG:</b>				
Land	29,422	3,459	-	32,881
Construction in Progress	121,063	535,625	656,688	-
Velma Sewerage System	<u>-</u>	<u>656,688</u>	<u>-</u>	<u>656,688</u>
Subtotals	<u>150,485</u>	<u>1,195,772</u>	<u>656,688</u>	<u>689,569</u>
<b>TOTALS</b>	<u>\$22,359,420</u>	<u>\$5,784,154</u>	<u>\$3,697,683</u>	<u>\$24,445,891</u>

\* This represents land acquired in a prior year which was previously omitted from the general fixed assets.

\*\* This represents deletions of general fixed assets acquired in the prior year which were individually less than \$500.

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Notes to Financial Statements (Continued)

A summary of proprietary property, plant, and equipment follows:

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Land	\$ 22,100	\$ -
Sewerage collection system	1,727,841	-
Furniture and equipment	<u>-</u>	<u>105,249</u>
Sub-total	1,749,941	105,249
Less accumulated depreciation	<u>(314,766)</u>	<u>(49,726)</u>
Total	<u>\$1,435,175</u>	<u>\$ 55,523</u>
Depreciation expense for the year ended December 31, 1995	<u>\$ 52,365</u>	<u>\$ 22,254</u>

**8. PENSION PLAN**

*Plan Description.* Substantially all employees of the Tangipahoa Parish Council, except for the district attorney and assistant district attorneys, are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Tangipahoa Parish Council are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 percent of final-average salary for each year of service credited after the revision date. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated

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Notes to Financial Statements (Continued)

above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that included financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

The district attorney and assistant district attorneys are members of the Louisiana District Attorneys Retirement System (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

Assistant district attorneys who earn, as a minimum, the amount paid by the state for assistant district attorneys and are under the age of 60 at the time of original employment and all district attorneys are required to participate in the System. For members who joined the System before July 1, 1990, and who elected not to be covered by the new provisions, the following applies: Any member with 23 or more years of creditable service regardless of age may retire with a 3 per cent benefit reduction for each year below age 55, provided that no reduction is applied if the member has 30 or more years of service. Any member with at least 18 years of service may retire at age 55 with a 3 per cent benefit reduction for each year below age 60. In addition, any member with at least 10 years of service may retire at age 60 with a 3 per cent benefit reduction for each year retiring below the age of 62. The retirement benefit is equal to 3 per cent of the member's average final compensation multiplied by the number of years of his membership service, not to exceed 100 per cent of his average final compensation.

For members who joined the System after July 1, 1990, or who elected to be covered by the new provisions, the following applies: Members are eligible to receive normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5 per cent of the member's final-average compensation multiplied by years of membership service. A member is eligible for early retirement if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3 per cent for each year the member retires in advance of normal retirement age. Benefits may not exceed 100 per cent of average final compensation. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana District Attorneys Retirement System, 2109 Decatur Street, New Orleans, Louisiana 70116-2091, or by calling (504) 947-5551.

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Notes to Financial Statements (Continued)

*Funding Policy.* Under Plan A of the Parochial Employees Retirement System, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Tangipahoa Parish Council is required to contribute at an actuarially determined rate. The current rate is 8.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Tangipahoa Parish Council are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Tangipahoa Parish Council's contributions to the System under Plan A for the years ending December 31, 1995, 1994, and 1993, were \$227,089, \$204,353, and \$191,712, respectively, equal to the required contributions for each year.

Plan members of the Louisiana District Attorneys Retirement System are required by state statute to contribute 7.0 percent of their annual covered salary and the Tangipahoa Parish Council is required to contribute at an actuarially determined rate. The current rate is 3.25 percent of annual covered payroll (was 2.5 percent until June 30, 1995). Contributions to the System also include .2 percent of the ad valorem taxes collected throughout the state and revenue sharing funds as appropriated by the legislature. The contribution requirements of plan members and the Tangipahoa Parish Council are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Tangipahoa Parish Council's contributions to the System for the year ending December 31, 1995 was \$1,366, equal to the required contributions for the year.

**9. DEFERRED COMPENSATION PLAN**

The Tangipahoa Parish Council offers its employees two deferred compensation plans created in accordance with Internal Revenue Code 457. One plan, with Public Employees Benefits Service Corporation, is available to all council employees and permits them to defer a portion of their salaries until future years. No portion of this deferred compensation is paid by the council. The other plan, with State of Louisiana Deferred Compensation Plan, is available only to those employees who are not members of the Parochial Employees Retirement System of Louisiana. This plan also permits eligible council employees to defer a portion of their salaries until future years. The council pays 7.5% of the eligible employees' salaries into this plan.

The deferred compensation of both plans is not available to employees until termination, retirement, death, or unforeseeable emergency.

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Notes to Financial Statements (Continued)

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the council (without being restricted to the provisions of benefits under the plans), subject only to the claims of the council's general creditors. Participants' rights under the plans are equal to those of general creditors of the council in an amount equal to the fair market value of the deferred account for each participant.

Of the \$984,592,120 in the Public Employees Benefits Service Corporation's plan at December 31, 1995, \$48,583 was applicable to the council while the remaining \$984,543,537 represents the assets of the other jurisdictions participating in the plan.

Of the \$167,114,980 in the State of Louisiana Deferred Compensation Plan at December 31, 1995, \$283,759 was applicable to the council while the remaining \$166,831,221 represents the assets of the other jurisdictions participating in the plan.

**10. COMPENSATED ABSENCES**

At December 31, 1995, employees of the Tangipahoa Parish Council have accumulated and vested \$67,070 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$10,940 is recorded as an obligation of the General Fund, and \$46,315 is recorded as an obligation of the Special Revenue Funds. The leave liability for employees of the Enterprise Fund, in the amount of \$1,773, and the Internal Service Fund, in the amount of \$8,042, is accounted for within the funds.

**11. LEASES**

The council records items under capital leases as assets and obligations in the accompanying financial statements. At December 31, 1995, the council has 6 capital leases in effect for equipment. The leases have an original recorded asset amount of \$746,378. Lease obligations are retired from the Road and Bridge and Garbage District No. 1 Special Revenue Funds. The following is a summary of future minimum lease payments, and the present value of the net minimum lease payments as of December 31, 1995:

Fiscal Year:	
1996	\$235,610
1997	101,265
1998	<u>31,063</u>
Total minimum lease payments	367,938
Less - amount representing interest	<u>(22,359)</u>
Present value of net minimum lease payments	<u>\$345,579</u>

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Notes to Financial Statements (Continued)

The council has no material long-term, noncancelable operating lease commitments at December 31, 1995.

**12. JUDGEMENT PAYABLE**

On April 12, 1993, an agreement was reached with the Tangipahoa Parish Library and Fire Protection District No. 2 regarding the payment of state revenue sharing funds withheld from them by the council in the years 1986-1988.

The amount of \$975,473, without past or future interest, is to be paid as follows:

The council will pay a minimum of \$100,000 per year to Fire Protection District No. 2 and the Tangipahoa Parish Library Board of Control until the amount of \$975,473 is paid in full. If more funds are available during any of these years, the council reserves the right to pay a higher figure at its discretion. When the \$975,473 (plus interest in the event of default) is paid in full, the existing judgement against the council for this amount will be deemed fulfilled and cancelled at that time.

Fire Protection District No. 2 shall be paid 63.8% of these funds. The District shall further allocate these funds to the various fire departments according to their regular contract percentages with Fire Protection District No. 2.

Tangipahoa Parish Library Board of Control shall be paid 36.2% of these funds.

The annual re-payment amount of \$100,000 shall be made in four (4) equal installments payable on March 31, June 30, September 30, and December 31 of each year, beginning with March 31, 1993.

If the council defaults on any installment, legal interest from December 8, 1987, forward will be reinstated and will be due on the remaining principal owed under this agreement. Default is defined as being more than 15 days late with any one payment.

The 1995 repayment of \$100,000 was recognized as an expenditure of the General Fund which left a balance of \$675,473 at December 31, 1995, which is reported as general long-term debt.

**13. PARISH JAIL AGREEMENT**

Act 859 of the Regular Legislative Session of 1981 authorized the Louisiana State Bond Commission to issue \$6,750,000 of general obligation bonds and reimbursable general obligation bonds to plan, acquire, and construct a new parish jail in Tangipahoa Parish. The Tangipahoa Parish Council, in agreement with the Louisiana State Bond Commission, agreed to provide 30 per cent (\$2,025,000) of the bonded debt over a 20-year period at interest rates ranging from 8.5 to 10.7 per cent.

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Notes to Financial Statements (Continued)

On May 1, 1994, the Tangipahoa Parish Sheriff's Office paid off three of the four general obligation bonds for a total of \$1,553,707.

The remaining bond is to be paid by the Sheriff's Office in annual installments. The 1995 payment was not remitted until after year-end; therefore, the accompanying financial statements reflect a receivable from the Sheriff's Office of \$9,796 in the Parish Jail Fund.

**14. REVENUE BONDS PAYABLE - SEWERAGE DISTRICT NO. 1**

On January 6, 1993, Sewerage District No. 1 of the Parish of Tangipahoa, State of Louisiana, entered into an agreement with U. S. Department of Agriculture, Farmers Home Administration (now known as Rural Economic and Community Development/Farm Service Agency) to finance the cost of constructing and acquiring improvements and extensions to its existing sewerage system through the issuance of sewer revenue bonds. The sewer revenue bonds were issued on March 3, 1993, as Bond No. R-1 in the amount of \$733,000 and Bond No. R-2 in the amount of \$67,000, and were sold to the United States of America, Farmers Home Administration.

As of December 31, 1995, the Sewerage District had drawn down \$733,000 on Bond R-1 and \$67,000 on Bond R-2, for a total of \$800,000.

The bonds bear interest at the rate of 5 5/8% per annum and are payable monthly over a forty (40) year period. The monthly payment for Bond R-1 is \$3,900 and for Bond R-2 is \$356.

The bonds are payable solely from revenues to be derived from the operation of the sewerage system and are secured by such revenues.

The annual requirements to amortize all bonds outstanding as of December 31, 1995, including interest of \$1,090,641 are as follows:



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Notes to Financial Statements (Continued)

<u>Year Ending</u> <u>December 31</u>	<b>Revenue Bonds</b>		
	<u>R-1</u>	<u>R-2</u>	<u>Total</u>
1996	\$ 46,795	\$ 4,277	\$ 51,072
1997	46,795	4,277	51,072
1998	46,795	4,277	51,072
1999	46,795	4,277	51,072
2000	46,795	4,277	51,072
2001-2005	233,975	21,385	255,360
2006-2010	233,975	21,385	255,360
2011-2015	233,975	21,385	255,360
2016-2020	233,975	21,385	255,360
2021-2025	233,975	21,385	255,360
2026-2030	233,975	5,885	239,860
2031-2034	<u>111,392</u>	<u>-</u>	<u>111,392</u>
	<u>\$1,749,217</u>	<u>\$134,195</u>	<u>\$1,883,412</u>

**15. REVENUE BOND RESOLUTION COVENANTS**

In the resolution dated January 6, 1993, authorizing the issuance of \$800,000 of Sewer Revenue Bonds, Sewerage District No. 1 obligated itself to abide by the following covenants:

- Maintain rates which will always provide revenues in each year sufficient to pay the reasonable and necessary expenses of operating and maintaining the System, the principal and interest maturing on the bonds, all reserves or sinking funds required for such year and all other obligations and indebtedness of the System.
- Provide revenues in each year that, after paying all reasonable and necessary expenses of operating and maintaining the System, at least equal to 120% of the largest amount of principal and interest maturing on the bonds in any future fiscal year.
- Shut off service if delinquent charge is not paid within 30 days.
- Charge a 10% penalty on all delinquent accounts.
- Charge interest not less than 5% per annum on delinquent accounts after 10 days from date of delinquency.
- Charge a residential rate of \$16.50 per month.

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Notes to Financial Statements (Continued)

- Charge a commercial rate of \$30.00 per month.
- Maintain the System in first class repair and working order.
- Carry full insurance coverage on the System by a company licensed in Louisiana.
- Have books audited no later than 3 months after the end of the fiscal year.
- Do not sell, lease or in any manner dispose of the System or any substantial part thereof.
- Do not create or cause to be created any debt, lien, pledge, mortgage, assignment, encumbrance, or any other charges having priority over or parity with the lien of the Bonds upon the income and revenues of the System pledged as security therefor.
- Do not grant any utility franchises.
- Officers or employees in position of authority or in possession of money derived from operation of System must be covered by a blanket fidelity or faithful performance bond.
- Establish and maintain the following reserve accounts:
  - a) Sinking Fund - deposit on or before the 20th day of each month 1/12 of the interest falling due on the next interest payment date during the first two years the Bonds are outstanding and, thereafter, a sum equal to the total amount of principal and interest falling due on the next principal and interest payment date.
  - b) Reserve Fund - deposit on or before the 20th day of each month, commencing with the month following completion of the project, a sum at least equal to five percent (5%) of the amount to be paid into the Sinking Fund; these deposits shall continue until such time as there has been accumulated a sum equal to the highest combined principal and interest falling due in any year on the Bonds.
  - c) Contingency Fund - deposit on or before the 20th day of each month the sum of \$203.
- No free services or facilities shall be furnished to any persons, association of persons, or corporation, public or private, or even to the Issuer itself.

No officers or employees of Sewerage District No. 1 are covered by a blanket fidelity or faithful performance bond.

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Notes to Financial Statements (Continued)

Sewerage District No. 1 had a net operating loss of \$12,192 for the year ended December 31, 1995, and therefore is considered not to be in compliance with the requirements to maintain sufficient rates and provide required revenues.

Also, service is shut off after 60 rather than 30 days, and the books were audited later than three months after the end of the fiscal year.

Farmers' Home Administration did not require the establishment of a Sinking Fund. The District met the requirements of the Contingency Fund but has not established a Reserve Fund.

The District allowed some persons on the recently completed Velma sewerage system to receive services without payment.

**16. CHANGES IN GENERAL LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended December 31, 1995:

	Long-Term Obligations Payable <u>01/01/95</u>	<u>Additions</u>	<u>Deductions</u>	Long-Term Obligations Payable <u>12/31/95</u>
General Obligation Bonds	\$1,409,651	\$ -	\$336,790	\$1,072,861
Federal Loan	7,787	-	7,787	-
Capital Leases	519,765	-	174,186	345,579
Judgement Payable	775,473	-	100,000	675,473
Estimated Liability for Landfill Closure and Postclosure Care Costs	<u>1,075,000</u>	<u>5,960</u>	<u>-</u>	<u>1,080,960</u>
Total	<u>\$3,787,676</u>	<u>\$5,960</u>	<u>\$618,763</u>	<u>\$3,174,873</u>

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Notes to Financial Statements (Continued)

General obligation bonds are comprised of the following individual issues:

\$60,000 - issue of 1982 to construct a new parish jail facility, due in annual installments of \$9,796 through December 1, 2002, with interest of 10.7 percent. Debt retirement payments are made by the Tangipahoa Parish Sheriff's Office. \$ 37,861

Road Districts:

\$275,000 - issue of 1976 to open, construct, and improve public roads, highways, and bridges within District No. 101, due in annual installments of \$5,000 to \$25,000 through December 15, 1996, with interest at 6.0 percent. Debt retirement payments are made from the Road District No. 101 Debt Service Fund. 5,000

\$275,000 - issue of 1976 to open, construct, and improve public roads, highways, and bridges within Sub-Road District No. 1 of District No. 101, due in annual installments of \$5,000 to \$25,000 through December 15, 1996, with interest at 6.0 per cent. Debt retirement payments are made from the Sub-Road No. 1 of Road District No. 101 Debt Service Fund. 5,000

General Service Districts:

\$200,000 - issue of 1984 to construct and improve public roads, highways, and bridges within Sub-District No. 4A, due in annual installments of \$5,000 to \$20,000 through June 1, 2004, with interest ranging from 9.7 to 11.0 per cent. Debt retirement payments are made from the General Service Sub-District No. 4A Debt Service Fund. 100,000

\$900,000 - issue of 1984 to construct, maintain, and improve public roads, highways, and bridges within Sub-District No. 5, due in annual installments of \$5,000 to \$110,000 through June 1, 2004, with interest ranging from 9.7 to 11.0 per cent. Debt retirement payments are made from the General Service Sub-District No. 5 Debt Service Fund. 405,000

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Notes to Financial Statements (Continued)

\$900,000 - issue of 1984 to construct, maintain, and improve public roads, highways, and bridges within Sub-District No. 8, due in annual installments of \$5,000 to \$110,000 through June 1, 2004, with interest ranging from 9.7 to 11.0 per cent. Debt retirement payments are made from the General Service Sub-District No. 8 Debt Service Fund. 405,000

Recreation Districts:

\$505,000 - issue of 1978 to acquire land, buildings, and equipment within Recreation District No. 1, due in annual installments of \$15,000 to \$50,000 through June 15, 1998, with interest ranging from 5.0 to 6.75 per cent. Debt retirement payments are made from the Recreation District No. 1 Debt Service Fund. 45,000

\$570,000 - issue of 1980 to acquire land, buildings, and equipment within Recreation District No. 2, due in annual installments of \$15,000 to \$70,000 through January 15, 1999, with interest ranging from 5.4 to 6.0 per cent. Debt retirement payments are made from the Recreation District No. 2 Debt Service Fund. 70,000

Total general obligation bonds \$1,072,861

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Notes to Financial Statements (Continued)

At December 31, 1995, the council has accumulated \$374,874 in debt service funds for future debt requirements. This equals the debt service reserved fund balances of \$432,098 less cash remaining in debt service funds in which bonds are fully paid of \$57,224. The annual requirements to amortize all obligations outstanding at December 31, 1995, including interest of \$272,761 for bonded debt and \$22,359 for capital leases, are as follows:

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Judgement Payable</u>	<u>Total</u>
1996	\$ 325,170	\$235,610	\$100,000	\$ 660,780
1997	313,488	101,265	100,000	514,753
1998	300,101	31,063	100,000	431,164
1999	285,185	-	100,000	385,185
2000	31,528	-	100,000	131,528
2001-2004	<u>90,150</u>	<u>-</u>	<u>175,473</u>	<u>265,623</u>
Total	<u>\$1,345,622</u>	<u>\$367,938</u>	<u>\$675,473</u>	<u>\$2,389,033</u>

General obligation bonds of \$1,072,861 are payable from an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the council is legally restricted from incurring long-term bonded debt in excess of 10 per cent of the assessed value of taxable property in the parish. At December 31, 1995, the statutory limit is \$23,180,537.

**17. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws and regulations require the Tangipahoa Parish Council to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The landfill activities are accounted for in a governmental fund (special revenue fund--Garbage District No. 1).

GASB-18 requires that a portion of the estimated total current cost of closure and postclosure care be recognized each year using the estimated life of the landfill and the usage of the landfill for a particular period.

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Notes to Financial Statements (Continued)

In addition to expenditures related to current activities of the landfill, an expenditure provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste.

However, due to the measurement focus and basis of accounting of a governmental fund, the annual cost recognition related to estimated closure and postclosure care costs generally will not affect a governmental entity's activity statement. The estimated liability as of December 31, 1995, is recorded in the general long-term debt account group as an estimated liability for landfill closure and postclosure care costs.

The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$1,080,960 as of December 31, 1995, which is based on 80% usage (filled) of the landfill. It is estimated that an additional \$270,240 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (1997). The estimated total current cost of the landfill closure and postclosure care (\$1,351,200) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 1995. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The Tangipahoa Parish Council expects to be required by state and federal laws and regulations to submit financial assurance documents to cover the financing of the closure and postclosure care of the landfill. These financial assurance requirements may require the Tangipahoa Parish Council to make financial contributions to a sinking fund. The EPA has extended the date for submission of financial assurance documents in connection with postclosure costs of the landfill to April 9, 1997. The Tangipahoa Parish Council anticipates that the liability will be funded on a "pay-as-you-go" basis, if allowable.

GASB-18 requires that the current annual costs related to landfill closure and postclosure care for the special revenue fund--Garbage District No. 1 be disclosed as follows:

Expenditures:

Landfill closure and postclosure care (Total amount determined for the year under GASB-18)	\$5,960
Less change in General Long-Term Debt Account Group liability	<u>(5,960)</u>
	<u>\$ -0-</u>

Tangipahoa Parish Council  
Amite, Louisiana

Notes to Financial Statements (Continued)

**18. CHANGES IN AGENCY FUND**

A summary of changes in assets and liabilities follows:

	Balance January 1, <u>1995</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>1995</u>
Assets:				
Deposits with Public Employees Benefits Service Corporation	\$ 50,417	\$ 4,413	\$6,247	\$ 48,583
Deposits with State of Louisiana Deferred Compensation Plan	<u>192,660</u>	<u>91,099</u>	<u>-</u>	<u>283,759</u>
Total assets	<u>\$243,077</u>	<u>\$95,512</u>	<u>\$6,247</u>	<u>\$332,342</u>
Liabilities:				
Due to Plan Participants	<u>\$243,077</u>	<u>\$95,512</u>	<u>\$6,247</u>	<u>\$332,342</u>
Total liabilities	<u>\$243,077</u>	<u>\$95,512</u>	<u>\$6,247</u>	<u>\$332,342</u>

**19. CRIMINAL COURT FUND**

Louisiana Revised Statute 15:571.11 requires that one-half of any balance remaining in the criminal court fund at year end be transferred to the parish General Fund. The following details the amount due at December 31, 1995:

Balance due at January 1, 1995	\$46,166
Amount due for 1995	<u>28,907</u>
Total	75,073
Remitted during 1995	<u>(46,166)</u>
Balance due at December 31, 1995	<u>\$28,907</u>



Tangipahoa Parish Council  
Amite, Louisiana

Notes to Financial Statements (Continued)

**20. DUE TO/FROM OTHER FUNDS**

As of December 31, 1995, interfund receivables and payables that resulted from various interfund transactions were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Criminal Court Fund	\$ 28,907
Garbage District No. 1	Road and Bridge	1,450
Internal Service Fund	Sewerage District No. 1	<u>32,500</u>
Total		<u>\$ 62,857</u>

**21. RISK MANAGEMENT AND LITIGATION**

The council is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The council purchases commercial insurance for generally all risks other than general liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The expenditures are accounted for in the fund in which they occur. In determining claims, events that might create claims, but for which none have been reported, are considered.

The council's attorney estimates that the actual or potential claims against the council as of December 31, 1995, have not progressed to a point that would permit a determination of the liability, if any, that the claims represent. Therefore, the accompanying financial statements contain no provision for estimated claims.

In the current year, judgements, damages, and claims of \$15,944 were incurred in connection with road, bridge, and landfill work. This amount has been recorded as current-year expenditures in the Road and Bridge and Garbage District No. 1 Special Revenue Funds. The amounts are \$11,914 and \$4,030, respectively.

Tangipahoa Parish Council  
Amite, Louisiana

Notes to Financial Statements (Continued)

**22. AMOUNTS PAID PARISH PRESIDENT AND COUNCIL MEMBERS**

Compensation paid to the Parish President and Council members for the year ending December 31, 1995, is as follows:

Gordon Burgess, President	\$ 54,190
Ronald L. Bankston	9,600
Carlo S. Bruno	9,600
Guy Buckley, Jr.	9,600
Travis Edwards	9,600
William Fleet	9,600
George Holton	9,600
John Patrick Jarrell	9,600
Lionel J. Kupper	9,600
Michael Petitto	9,600
Howard Ridgel	<u>9,600</u>
Total	<u>\$150,190</u>

**23. FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The Tangipahoa Parish Council participates in the following programs which provide federal financial assistance:

**FOOD STAMP PROGRAM:**

The Food Stamp Program is operated by the council under an agreement with the Louisiana Department of Social Services. Under this program, the council is responsible for the issuance of food stamps to eligible participants in the parish. The value of food stamps on hand, received, and issued is not recorded in the accompanying statements. Activity for the year follows:

Balance at January 1, 1995	\$ 3,999,644
Received	16,311,000
Issued	<u>(16,134,886)</u>
Balance at December 31, 1995	<u>\$ 4,175,758</u>

Tangipahoa Parish Council  
Amite, Louisiana

Notes to Financial Statements (Continued)

OTHER PROGRAMS:

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<b>Department of Agriculture</b> Passed through Farmers' Home Administration - FmHA Loan	10.418	\$ 30,300
<b>Department of Federal Emergency Management Agency</b> Passed through Louisiana Office of Military Affairs - Emergency Management Assistance - Civil Defense	83.503	6,771
<b>Department of Housing and Urban Development</b> Direct Program - Lower Income Housing Assistance Program	14.156	383,403
Direct Program - Section 8 Housing Voucher Program	14.177	172,605
Passed through Louisiana Division of Administration - Louisiana Community Block Grant	14.219	545,691
<b>Environmental Protection Agency</b> Passed through Lake Pontchartrain Basin Foundation - Johnston Basin Cleanup Program	N/A	<u>85,808</u>
Total federal financial assistance for other programs		<u>\$1,224,578</u>

The expenditures may be subjected to future review and audit by the federal grantor agency. No provision has been made in the financial statements for any expenditures that may be disallowed as a result of such a review or audit.

Tangipahoa Parish Council  
Amite, Louisiana

Notes to Financial Statements (Continued)

**24. SUBSEQUENT EVENTS**

In 1996, Road District No. 101 and Sub Road District No. 1 of Road District No. 101 issued general obligation bonds in the amount of \$350,000 each. These bonds are to be payable from ad valorem taxes.

On April 16, 1996, the old health unit in Hammond was sold for \$309,350. The proceeds went into the Health Unit Fund.

On March 12, 1996, the one percent parishwide general sales and use tax was renewed. The tax is effective through December 31, 2001.

On May 13, 1996, the council signed a contract for \$4,209,212 for road repairs.

The council plans to construct a new 11,000 square foot administrative office building for approximately \$440,000.

**25. CONTINGENCIES**

On June 14, 1995, an investigative report was released by the Legislative Auditor on the Tangipahoa Parish Coroner. The investigation found that the Tangipahoa Parish Coroner billed the Tangipahoa Parish Council, during the period January 1992 through January 1995, for sanity evaluations and sanity investigations that he did not perform. The Coroner was paid \$275,370 during this period for performing sanity evaluations and investigations. On January 5, 1996, the coroner was indicted by a grand jury for various offenses. Trial is pending.

The Legislative Auditor recommended: 1) that the Coroner discontinue billing the parish for sanity evaluations and investigations that he does not perform, 2) that the parish obtain a clear understanding of the services the Coroner is providing and ensure that all fees paid are in compliance with Louisiana law, and 3) that the District Attorney and the United States Attorney review the report and take appropriate legal action regarding possible violations of laws, to include seeking restitution.

No provision for any receivable that may result from the above has been included in the accompanying financial statements, as the investigation has not progressed to a point that would permit a determination of an amount.

In 1995, the Independence and Natalbany Volunteer Fire Departments borrowed \$20,000 and \$23,000, respectively, in the name of Fire Protection District No. 2. Should the volunteer fire departments not pay the notes as scheduled, Fire Protection District No. 2 would be responsible for payment.

Tangipahoa Parish Council  
Amite, Louisiana

Notes to Financial Statements (Continued)

**26. OTHER MATTERS**

**FY1993 LCDBG (Velma Project): Contract # 101-4013**

The HUD Inspector General's Office concluded that the Tangipahoa Parish Council was negligent in the premature close-out of the LCDBG Program in the Velma Community.

Accordingly, the Parish is sanctioned from participation in the LCDBG Program for a period of five (5) program years, such period to begin upon conditional closeout of the two current LCDBG grants.

**Lease of milk lab:**

On November 3, 1995, the Council entered into a lease with the Louisiana Department of Health and Hospitals for a laboratory/office for the sum of \$1,819,344 in 240 monthly installments of \$7,581.

The Council is to construct the approximately 6,960 square foot building on property donated to the Council specifically for this purpose. Management estimates the cost of the construction to be \$1,000,000. Rent will be payable from the date of occupancy.

**FY1995 LCDBG contract:**

On June 30, 1995, the Council entered into two Louisiana Community Development Block Grant programs totalling \$1,374,310 for water and sewer system improvements in the Booker Road II area and the northern portion of Woodland Park Subdivision.

No work had been done on these projects prior to December 31, 1995.

**Installation of liners - Cell 8 & 9 of landfill:**

In October 1995, the Council accepted a bid of \$213,547 for installation of liners at the landfill. This work had not been done as of December 31, 1995.

**SUPPLEMENTAL INFORMATION SCHEDULES**

TANGIPAHOA PARISH COUNCIL  
Amite, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULES  
As of and for the Year Ended December 31, 1995

SPECIAL REVENUE FUNDS

ROAD AND BRIDGE FUNDS

The Road and Bridge Funds account for the construction of new roads and bridges and the maintenance of the existing roads and roadside areas within the respective road districts. Major sources of revenues are ad valorem taxes, .75% sales tax, and appropriations from the State of Louisiana Parish Transportation Fund.

ROAD LIGHTING DISTRICT FUNDS

The Road Lighting District Funds account for the costs of lighting streets and roads within the respective districts. The major source of revenue is ad valorem taxes.

GARBAGE DISTRICT NO. 1 FUND

The Garbage District No. 1 Fund accounts for the cost of operating the parish landfill. Major sources of revenue are ad valorem taxes and sanitation landfill user fees.

RURAL FIRE PROTECTION DISTRICT NO. 2 FUND

The Rural Fire Protection District No. 2 Fund accounts for the receipt of ad valorem taxes, state revenue sharing, and the two percent fire insurance rebate monies and the appropriation of these funds to the various fire departments in the district based on the percentage of rural population they serve.

HEALTH UNIT FUND

The Health Unit Fund accounts for the parish's portion of the cost of acquiring and maintaining the health units in the parish. The major source of revenue is ad valorem taxes.

WITNESS FEES FUND

The Witness Fees Fund accounts for the fees paid to witnesses in district court and the Seventh Ward Court. The major source of revenue is court fines.

Tangipahoa Parish Council  
Amite, Louisiana

Supplemental Information Schedules (cont'd)

### SPECIAL REVENUE FUNDS

#### CRIMINAL COURT FUND

The Twenty-First Judicial District Criminal Court Fund is established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by the district courts and district attorney conviction fees in criminal cases are to be transferred to the parish treasurer and deposited into a special Criminal Court Fund to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judges. The statute also requires that one-half of the fund balance remaining in the Criminal Court Fund at December 31 of each year be transferred to the parish General Fund.

#### STATE AND FEDERAL FUNDS

##### State-Local Government Assistance Fund

The State-Local Government Assistance Fund accounts for funds received from the State of Louisiana Mineral Enhancement Fund and their ultimate disbursement.

##### Section 8 Housing and Section 8 Voucher Funds

The Section 8 Housing and Section 8 Voucher Funds account for grants received from the United States Department of Housing and Urban Development for housing assistance programs for low-income persons.

#### ANIMAL SHELTER FUND

The Animal Shelter Fund accounts for transfers from the parish to construct and operate a parish animal shelter.



## EXHIBIT G-1

<u>HEALTH UNIT</u>	<u>WITNESS FEES</u>	<u>CRIMINAL COURT</u>	<u>STATE AND FEDERAL</u>	<u>ANIMAL SHELTER</u>	<u>TOTAL</u>
\$348,959	\$172,268	\$57,989	\$433,611	\$98,550	\$3,210,972
665,023	2,411	9,035	-	-	2,698,060
-	-	-	3,918	-	3,918
-	-	-	-	-	1,450
<u>\$1,013,982</u>	<u>\$174,679</u>	<u>\$67,024</u>	<u>\$437,529</u>	<u>\$98,550</u>	<u>\$5,914,400</u>
\$27,649	\$25	\$9,210	\$72	\$ -	\$1,013,487
2,484	-	-	2,277	-	117,990
-	-	28,907	-	-	30,357
-	-	-	9,100	-	9,100
-	-	-	177,648	-	177,648
30,133	25	38,117	189,097	-	1,348,582
<u>983,849</u>	<u>174,654</u>	<u>28,907</u>	<u>248,432</u>	<u>98,550</u>	<u>4,565,818</u>
<u>983,849</u>	<u>174,654</u>	<u>28,907</u>	<u>248,432</u>	<u>98,550</u>	<u>4,565,818</u>
<u>\$1,013,982</u>	<u>\$174,679</u>	<u>\$67,024</u>	<u>\$437,529</u>	<u>\$98,550</u>	<u>\$5,914,400</u>

HEALTH UNIT	WITNESS FEES	CRIMINAL COURT	STATE AND FEDERAL	ANIMAL SHELTER	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$5,762,720
614,006	-	-	-	-	1,639,980
-	-	-	571,153	-	656,961
-	-	-	-	-	-
-	-	-	-	-	781,702
137,581	-	-	-	-	577,115
-	-	-	-	-	87,617
-	-	-	-	-	1,151,972
-	75,558	407,926	-	-	483,484
23,102	6,396	5,126	14,151	410	167,258
-	-	5,399	154	-	83,277
<u>774,689</u>	<u>81,954</u>	<u>418,451</u>	<u>585,458</u>	<u>410</u>	<u>11,392,086</u>
-	13,357	406,801	-	-	420,158
-	-	-	-	-	870,253
-	-	-	-	6,982	6,435,523
467,713	-	-	556,072	-	2,813,538
-	-	-	-	-	182,120
-	-	-	-	-	29,376
<u>467,713</u>	<u>13,357</u>	<u>406,801</u>	<u>556,072</u>	<u>6,982</u>	<u>10,750,968</u>
<u>306,976</u>	<u>68,597</u>	<u>11,650</u>	<u>29,386</u>	<u>(6,572)</u>	<u>641,118</u>
-	-	-	-	-	35,760
-	-	-	-	105,122	105,122
-	-	(28,907)	-	-	(28,907)
-	-	(28,907)	-	105,122	111,975
306,976	68,597	(17,257)	29,386	98,550	753,093
676,873	106,057	46,164	219,046	-	3,812,220
-	-	-	-	-	505
<u>\$983,849</u>	<u>\$174,654</u>	<u>\$28,907</u>	<u>\$248,432</u>	<u>\$98,550</u>	<u>\$4,565,818</u>

TANGIPAHOA PARISH COUNCIL  
 Amite, Louisiana  
 SPECIAL REVENUE - ROAD AND BRIDGE FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 1995

	ROAD AND BRIDGE	ROAD AND BRIDGE CONTRACT	TOTAL
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$408,040	\$998,597	\$1,406,637
Receivables	328,262	208,333	536,595
Total Assets	<u>\$736,302</u>	<u>\$1,206,930</u>	<u>\$1,943,232</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$81,165	\$148,063	\$229,228
Accrued salaries and wages	92,949	-	92,949
Due to other funds	1,450	-	1,450
Total Liabilities	175,564	148,063	323,627
<b><u>FUND BALANCES</u></b>			
Unreserved-undesignated	560,738	1,058,867	1,619,605
Total Liabilities and Fund Balances	<u>\$736,302</u>	<u>\$1,206,930</u>	<u>\$1,943,232</u>

TANGIPAHOA PARISH COUNCIL  
Amite, Louisiana  
SPECIAL REVENUE - ROAD AND BRIDGE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For The Year Ended December 31, 1995

	ROAD AND BRIDGE	ROAD AND BRIDGE CONTRACT	TOTAL
<b>REVENUES</b>			
Taxes - Sales	\$3,262,720	\$2,500,000	\$5,762,720
Parish transportation funds	781,702	-	781,702
State grants	4,500	-	4,500
Interest	8,331	56,798	65,129
Other revenues	13,249	-	13,249
Total Revenues	<u>4,070,502</u>	<u>2,556,798</u>	<u>6,627,300</u>
<b>EXPENDITURES</b>			
Public Works:			
Salaries	1,396,520	-	1,396,520
Payroll expenses	507,611	-	507,611
Rentals	38,548	-	38,548
Repairs & maintenance	337,386	-	337,386
Professional services	135,575	-	135,575
Contract services	-	2,631,124	2,631,124
Materials	792,098	53,353	845,451
Capital acquisitions	397,335	-	397,335
Other costs	118,599	-	118,599
Debt Service:			
Principal	12,866	-	12,866
Interest	2,186	-	2,186
Total Expenditures	<u>3,738,724</u>	<u>2,684,477</u>	<u>6,423,201</u>
Excess of Revenues Over (Under) Expenditures	331,778	(127,679)	204,099
<b>Other Financing Sources</b>			
Sale of Fixed Assets	<u>29,685</u>	<u>-</u>	<u>29,685</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	361,463	(127,679)	233,784
Fund Balances at Beginning of Year	198,770	1,186,546	1,385,316
Residual equity transfers in	<u>505</u>	<u>-</u>	<u>505</u>
Fund Balances at End of Year	<u>\$560,738</u>	<u>\$1,058,867</u>	<u>\$1,619,605</u>

TANGIPAHOA PARISH COUNCIL  
 Amite, Louisiana  
 SPECIAL REVENUE - ROAD LIGHTING DISTRICT FUNDS  
 COMBINING BALANCE SHEET

	ROAD LIGHTING DISTRICTS			
	NO. 1	NO. 2	NO. 3	NO. 4
	NO. 1	NO. 2	NO. 3	NO. 4
<b>ASSETS</b>				<b>TOTAL</b>
Cash and cash equivalents	\$1,200	\$23,279	\$2,728	\$39,696
Receivables	2,538	9,607	3,556	10,358
Total Assets	<u>\$3,738</u>	<u>\$32,886</u>	<u>\$6,284</u>	<u>\$92,962</u>
<b>LIABILITIES</b>				
Accounts payable	\$111	\$355	\$448	\$452
Total Liabilities	111	355	448	452
<b>FUND BALANCES</b>				
Unreserved-undesignated	3,627	32,531	5,836	49,602
Total Liabilities and Fund Balances	<u>\$3,738</u>	<u>\$32,886</u>	<u>\$6,284</u>	<u>\$92,962</u>

## TANGIPAHOA PARISH COUNCIL

Amite, Louisiana

SPECIAL REVENUE - ROAD LIGHTING DISTRICT FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

For The Year Ended December 31, 1995

	ROAD LIGHTING DISTRICTS				
	NO. 1	NO. 2	NO. 3	NO. 4	TOTAL
<b>REVENUES</b>					
Ad valorem taxes	\$2,740	\$8,945	\$3,315	\$10,776	\$25,776
State revenue sharing	-	2,821	-	-	2,821
Interest	95	1,140	194	1,985	3,414
Total Revenues	<u>2,835</u>	<u>12,906</u>	<u>3,509</u>	<u>12,761</u>	<u>32,011</u>
<b>EXPENDITURES</b>					
Public works	1,996	7,879	3,686	6,831	20,392
Total Expenditures	<u>1,996</u>	<u>7,879</u>	<u>3,686</u>	<u>6,831</u>	<u>20,392</u>
Excess of Revenues Over (Under) Expenditures	839	5,027	(177)	5,930	11,619
Fund Balances at Beginning of Year	2,788	27,504	6,013	43,672	79,977
Fund Balances at End of Year	<u>\$3,627</u>	<u>\$32,531</u>	<u>\$5,836</u>	<u>\$49,602</u>	<u>\$91,596</u>

TANGIPAHOA PARISH COUNCIL  
 Amite, Louisiana  
 SPECIAL REVENUE - STATE AND FEDERAL FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 1995

	STATE-LOCAL GOVERNMENT ASSISTANCE	SECTION 8		TOTAL
		HOUSING	VOUCHER	
<b>ASSETS</b>				
Cash and cash equivalents	\$207,867	\$174,763	\$50,981	\$433,611
Due from other governments	-	-	3,918	3,918
Total Assets	<u>\$207,867</u>	<u>\$174,763</u>	<u>\$54,899</u>	<u>\$437,529</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$72	\$ -	\$72
Accrued salaries and wages	-	2,277	-	2,277
Due to other governments	-	-	9,100	9,100
Due to HUD	-	147,327	30,321	177,648
Total Liabilities	<u>-</u>	<u>149,676</u>	<u>39,421</u>	<u>189,097</u>
<b>FUND BALANCES</b>				
Unreserved-undesignated	<u>207,867</u>	<u>25,087</u>	<u>15,478</u>	<u>248,432</u>
Total Fund Balances	<u>207,867</u>	<u>25,087</u>	<u>15,478</u>	<u>248,432</u>
Total Liabilities and Fund Balances	<u>\$207,867</u>	<u>\$174,763</u>	<u>\$54,899</u>	<u>\$437,529</u>

TANGIPAHOA PARISH COUNCIL  
Amite, Louisiana  
SPECIAL REVENUE - STATE AND FEDERAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 1995

	STATE-LOCAL GOVERNMENT ASSISTANCE	SECTION 8		TOTAL
		HOUSING	VOUCHER	
<b>REVENUES</b>				
Federal grants	\$ -	\$393,073	\$178,080	\$571,153
Interest	6,385	4,511	3,255	14,151
Other revenue	-	44	110	154
Total Revenues	<u>6,385</u>	<u>397,628</u>	<u>181,445</u>	<u>585,458</u>
<b>EXPENDITURES</b>				
Health and welfare	64	383,403	172,605	556,072
Total Expenditures	<u>64</u>	<u>383,403</u>	<u>172,605</u>	<u>556,072</u>
Excess of Revenues Over Expenditures	6,321	14,225	8,840	29,386
Fund Balances at Beginning of Year	<u>201,546</u>	<u>10,862</u>	<u>6,638</u>	<u>219,046</u>
Fund Balances at End of Year	<u>\$207,867</u>	<u>\$25,087</u>	<u>\$15,478</u>	<u>\$248,432</u>



TANGIPAHOA PARISH COUNCIL  
Amite, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULES  
As of and for the Year Ended December 31, 1995

DEBT SERVICE FUNDS

COURTHOUSE FUND

The Courthouse Fund accumulates monies to pay a \$2,000,000 bond issue dated October 15, 1965. The bonds were issued to construct a new courthouse in the parish. Financing is provided by an annual property tax and interest earned on deposits. These bonds were paid in full in 1995.

ROAD DISTRICT NO. 101 FUND

The Road District No. 101 Fund accumulates monies to pay a bond issue dated December 15, 1976, of \$275,000. The bonds were issued to open, construct, and improve public roads, highways, and bridges within the district. Financing is provided by an annual property tax and interest earned on deposits.

SUB-ROAD DISTRICT NO. 1 OF ROAD DISTRICT NO. 101 FUND

The Sub-Road District No. 1 of Road District No. 101 Fund accumulates monies to pay a bond issue dated December 15, 1976, of \$275,000. The bonds were issued to open, construct, and improve public roads, highways, and bridges within the district. Financing is provided by an annual property tax and interest earned on deposits.

ROAD DISTRICT NO. 202 FUND

The Road District No. 202 Fund accumulates monies to pay the January 15, 1965, bond issue of \$56,000. The bonds were issued to open, construct, and improve public roads, highways, and bridges in the district. Financing is provided by an annual property tax and interest earned on deposits.

SUB-ROAD DISTRICT NO. 1 OF ROAD DISTRICT NO. 202 FUND

The Sub-Road District No. 1 of Road District No. 202 Fund accumulates monies to pay a \$44,000 bond issue dated January 15, 1965. The bonds were issued to open, construct, and improve public roads, highways, and bridges in the sub-district. Financing is provided by an annual property tax and interest earned on deposits.

Tangipahoa Parish Council  
Amite, Louisiana

Supplementary Information Schedules (cont'd)

**ROAD DISTRICT NO. 707 FUND**

The Road District No. 707 Fund accumulates monies to pay a bond issue dated January 15, 1965, of \$650,000. The bonds were issued to open, construct, and improve public roads, highways, and bridges within the district. Financing is provided by an annual property tax and interest earned on deposits.

**SUB-ROAD DISTRICT NO. 1 OF ROAD DISTRICT NO. 808 FUND**

All bonds of this fund were redeemed prior to 1994. The revenue received in 1995 consisted of collections of prior year ad valorem taxes.

**GENERAL SERVICE SUB-DISTRICT NO. 4A FUND**

The General Service Sub-District No. 4A Fund accumulates monies to pay the June 1, 1984, bond issue of \$200,000. The bonds were issued to construct, maintain, and improve public roads, highways, and bridges within the sub-district. Financing is provided by an annual property tax and interest earned on deposits.

**GENERAL SERVICE SUB-DISTRICT NO. 5 FUND**

The General Service Sub-District No. 5 Fund accumulates monies to pay the June 1, 1984, bond issue of \$900,000. The bonds were issued to construct, maintain, and improve public roads, highways, and bridges within the sub-district. Financing is provided by an annual property tax and interest earned on deposits.

**GENERAL SERVICE SUB-DISTRICT NO. 8 FUND**

The General Service Sub-District No. 8 Fund accumulates monies to pay the June 1, 1984, bond issue of \$900,000. The bonds were issued to construct, maintain, and improve public roads, highways, and bridges within the sub-district. Financing is provided by an annual property tax and interest earned on deposits.

**RECREATION DISTRICT NO. 1 FUND**

The Recreation District No. 1 Fund accumulates monies to pay the June 15, 1978, bond issue of \$505,000. The bonds were issued to acquire land, buildings, equipment, and other facilities for recreational purposes within the district. Financing is provided by an annual property tax and interest earned on deposits.

Tangipahoa Parish Council  
Amite, Louisiana

Supplementary Information Schedules (cont'd)

RECREATION DISTRICT NO. 2 FUND

The Recreation District No. 2 Fund accumulates monies to pay the June 15, 1979, bond issue of \$570,000. The bonds were issued to acquire land, buildings, equipment, and other facilities for recreational purposes within the district. Financing is provided by an annual property tax and interest earned on deposits.

PARISH JAIL FUND

The Parish Jail Fund accumulates monies to pay the December 1, 1982, bond issue of \$2,025,000. The bonds were issued to construct a new parish jail. Financing is provided by a special appropriation from the Tangipahoa Parish Sheriff's Office.

TANGIPAHOA PARISH COUNCIL  
 Amite, Louisiana  
 DEBT SERVICE FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 1995

EXHIBIT K-1

	COURTHOUSE	ROAD DISTRICTS	GENERAL SERVICE DISTRICTS	RECREATION DISTRICTS	PARISH JAIL	TOTAL
<b>ASSETS</b>						
Cash and cash equivalents	\$10,648	\$52,986	\$22,215	\$2,434	\$ -	\$88,283
Taxes receivable	-	3,754	281,293	51,280	-	336,327
Due from sheriff	-	-	-	-	9,796	9,796
Prepaid bond payment	-	-	-	22,090	-	22,090
<b>Total Assets</b>	<b>\$10,648</b>	<b>\$56,740</b>	<b>\$303,508</b>	<b>\$75,804</b>	<b>\$9,796</b>	<b>\$456,496</b>
<b>LIABILITIES</b>						
Other liabilities	\$ -	\$164	\$12,226	\$2,212	\$ -	\$14,602
Matured bonds/interest payable	-	-	-	-	9,796	9,796
<b>Total Liabilities</b>	<b>-</b>	<b>164</b>	<b>12,226</b>	<b>2,212</b>	<b>9,796</b>	<b>24,398</b>
<b>FUND BALANCES</b>						
Reserved for debt service	10,648	56,576	291,282	73,592	-	432,098
<b>Total Fund Balances</b>	<b>10,648</b>	<b>56,576</b>	<b>291,282</b>	<b>73,592</b>	<b>-</b>	<b>432,098</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$10,648</b>	<b>\$56,740</b>	<b>\$303,508</b>	<b>\$75,804</b>	<b>\$9,796</b>	<b>\$456,496</b>

TANGIPAHOA PARISH COUNCIL  
Amite, Louisiana

DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For The Year Ended December 31, 1995

	COURTHOUSE	GENERAL			PARISH JAIL	TOTAL
		ROAD DISTRICTS	SERVICE DISTRICTS	RECREATION DISTRICTS		
<b>REVENUES</b>						
Ad valorem taxes	\$878	\$5,490	\$304,251	\$55,019	\$ -	\$365,638
Interest	1,320	4,669	5,465	1,670	-	13,124
Sheriff's appropriations	-	-	-	-	9,796	9,796
Total Revenues	2,198	10,159	309,716	56,689	9,796	388,558
<b>EXPENDITURES</b>						
Statutory/Administrative	43	492	18,420	3,344	-	22,299
Principal	25,000	93,000	165,000	50,000	3,790	336,790
Interest and agent fees	235	3,548	102,499	8,826	6,006	121,114
Total Expenditures	25,278	97,040	285,919	62,170	9,796	480,203
Excess of Revenues Over (Under) Expenditures	(23,080)	(86,881)	23,797	(5,481)	-	(91,645)
Fund Balances at Beginning of Year	33,728	143,962	267,485	79,073	-	524,248
Residual equity transfers out	-	(505)	-	-	-	(505)
Fund Balances at End of Year	\$10,648	\$56,576	\$291,282	\$73,592	\$ -	\$432,098

TANGIPAHOA PARISH COUNCIL  
 Amite, Louisiana  
 DEBT SERVICE - ROAD DISTRICT FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 1995

	NO. 101	SUB. 1 OF NO. 101	NO. 202	SUB 1 OF NO. 202	NO. 707	SUB 1 OF NO. 808	TOTAL
<b>ASSETS</b>							
Cash and cash equivalents	\$5,046	\$5,024	\$31	\$31	\$42,228	\$626	\$52,986
Taxes receivable	1,877	1,877	-	-	-	-	3,754
Total Assets	\$6,923	\$6,901	\$31	\$31	\$42,228	\$626	\$56,740
<b>LIABILITIES</b>							
Other liabilities	\$82	\$82	\$-	\$-	\$-	\$-	\$164
Total Liabilities	82	82	-	-	-	-	164
<b>FUND BALANCES</b>							
Reserved for debt service	6,841	6,819	31	31	42,228	626	56,576
Total Fund Balances	6,841	6,819	31	31	42,228	626	56,576
Total Liabilities and Fund Balances	\$6,923	\$6,901	\$31	\$31	\$42,228	\$626	\$56,740

TANGIPAHOA PARISH COUNCIL  
Amite, Louisiana

DEBT SERVICE - ROAD DISTRICT FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For The Year Ended December 31, 1995

	NO. 101	SUB 1 OF NO. 101	NO. 202	SUB 1 OF NO. 202	NO. 707	SUB 1 OF NO. 808	TOTAL
<b>REVENUES</b>							
Ad valorem taxes	\$2,390	\$2,388	(\$19)	(\$21)	\$126	\$626	\$5,490
Interest	1,309	1,309	41	28	1,982	-	4,669
Total Revenues	3,699	3,697	22	7	2,108	626	10,159
<b>EXPENDITURES</b>							
Statutory/Administrative	156	156	90	90	-	-	492
Principal	25,000	25,000	3,000	3,000	37,000	-	93,000
Interest and agent fees	1,380	1,380	60	60	668	-	3,548
Total Expenditures	26,536	26,536	3,150	3,150	37,668	-	97,040
Excess of Revenues Over (Under) Expenditures	(22,837)	(22,839)	(3,128)	(3,143)	(35,560)	626	(86,881)
Fund Balances at Beginning of Year	29,678	29,658	3,435	3,403	77,788	-	143,962
Residual equity transfers out	-	-	(276)	(229)	-	-	(505)
Fund Balances at End of Year	\$6,841	\$6,819	\$31	\$31	\$42,228	\$626	\$56,576

TANGIPAHOA PARISH COUNCIL  
 Amite, Louisiana  
 DEBT SERVICE - GENERAL SERVICE DISTRICT FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 1995

EXHIBIT M-1

	<u>DISTRICT 4A</u>	<u>DISTRICT 5</u>	<u>DISTRICT 8</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash and cash equivalents	(\$807)	\$19,662	\$3,360	\$22,215
Taxes receivable	28,157	121,738	131,398	281,293
Total Assets	<u>\$27,350</u>	<u>\$141,400</u>	<u>\$134,758</u>	<u>\$303,508</u>
<b>LIABILITIES</b>				
Other liabilities	\$1,212	\$5,508	\$5,506	\$12,226
Total Liabilities	<u>1,212</u>	<u>5,508</u>	<u>5,506</u>	<u>12,226</u>
<b>FUND BALANCES</b>				
Reserved for debt service	26,138	135,892	129,252	291,282
Total Fund Balances	<u>26,138</u>	<u>135,892</u>	<u>129,252</u>	<u>291,282</u>
Total Liabilities and Fund Balances	<u>\$27,350</u>	<u>\$141,400</u>	<u>\$134,758</u>	<u>\$303,508</u>



## TANGIPAHOA PARISH COUNCIL

EXHIBIT M-2

Amite, Louisiana

DEBT SERVICE - GENERAL SERVICE DISTRICT FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For The Year Ended December 31, 1995

	DISTRICT 4A	DISTRICT 5	DISTRICT 8	TOTAL
<b>REVENUES</b>				
Ad valorem taxes	\$29,330	\$138,484	\$136,437	\$304,251
Interest	464	2,548	2,453	5,465
Total Revenues	<u>29,794</u>	<u>141,032</u>	<u>138,890</u>	<u>309,716</u>
<b>EXPENDITURES</b>				
Statutory/Administrative	1,808	8,328	8,284	18,420
Principal	15,000	75,000	75,000	165,000
Interest and agent fees	11,350	45,584	45,565	102,499
Total Expenditures	<u>28,158</u>	<u>128,912</u>	<u>128,849</u>	<u>285,919</u>
Excess of Revenues Over (Under) Expenditures	1,636	12,120	10,041	23,797
Fund Balances at Beginning of Year	<u>24,502</u>	<u>123,772</u>	<u>119,211</u>	<u>267,485</u>
Fund Balances at End of Year	<u><u>\$26,138</u></u>	<u><u>\$135,892</u></u>	<u><u>\$129,252</u></u>	<u><u>\$291,282</u></u>

TANGIPAHOA PARISH COUNCIL  
 Amite, Louisiana  
 DEBT SERVICE - RECREATION DISTRICT FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 1995

EXHIBIT N-1

	DISTRICT 1	DISTRICT 2	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	(\$6,172)	\$8,606	\$2,434
Taxes receivable	32,129	19,151	51,280
Prepaid bond payment	-	22,090	22,090
Total Assets	<u>\$25,957</u>	<u>\$49,847</u>	<u>\$75,804</u>
<b>LIABILITIES</b>			
Other liabilities	\$1,390	\$822	\$2,212
Total Liabilities	<u>1,390</u>	<u>822</u>	<u>2,212</u>
<b>FUND BALANCES</b>			
Reserved for debt service	24,567	49,025	73,592
Total Fund Balances	<u>24,567</u>	<u>49,025</u>	<u>73,592</u>
Total Liabilities and Fund Balances	<u>\$25,957</u>	<u>\$49,847</u>	<u>\$75,804</u>

TANGIPAHOA PARISH COUNCIL  
 Amite, Louisiana  
 DEBT SERVICE - RECREATION DISTRICT FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For The Year Ended December 31, 1995

EXHIBIT N-2

	DISTRICT 1	DISTRICT 2	TOTAL
<b>REVENUES</b>			
Ad valorem taxes	\$34,755	\$20,264	\$55,019
Interest	284	1,386	1,670
Total Revenues	<u>35,039</u>	<u>21,650</u>	<u>56,689</u>
<b>EXPENDITURES</b>			
Statutory/Administrative	2,089	1,255	3,344
Principal	30,000	20,000	50,000
Interest and agent fees	3,658	5,168	8,826
Total Expenditures	<u>35,747</u>	<u>26,423</u>	<u>62,170</u>
Excess of Revenues Over (Under) Expenditures	(708)	(4,773)	(5,481)
Fund Balances at Beginning of Year	<u>25,275</u>	<u>53,798</u>	<u>79,073</u>
Fund Balances at End of Year	<u>\$24,567</u>	<u>\$49,025</u>	<u>\$73,592</u>

**OTHER INDEPENDENT AUDITOR'S REPORTS**  
**AND**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

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MEMBER  
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SOCIETY OF LOUISIANA CPAs

INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Parish President and Members  
of the Tangipahoa Parish Council  
Amite, Louisiana

I have audited the component unit financial statements of the Tangipahoa Parish Council, primary government, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 31, 1996.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

The Tangipahoa Parish Council is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the component unit financial statements of the Tangipahoa Parish Council for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of

Tangipahoa Parish Council  
Report on Internal Control Structure (cont'd)

expressing my opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a certain matter on Exhibit O involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I do not believe that the reportable condition described on Exhibit O is a material weakness.

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

  
Certified Public Accountant

May 31, 1996

EXHIBIT O

Reportable Condition in the  
Internal Control Structure

For the Year Ended December 31, 1995

TANGIPAHOA PARISH COUNCIL  
FINDING AND RECOMMENDATION

Reportable Condition in the  
Internal Control Structure  
For the Year Ended December 31, 1995

FIXED ASSET RECORDS

Louisiana Revised Statute (LSA-R.S.) 24:515 requires the council to maintain records of all fixed assets and movable property to include the date of purchase, initial cost, and disposition of such property, if applicable.

My audit disclosed the following:

1. A Caterpillar grader (tag # 10209) was on the listing but could not be located, and the title for a 1995 Ford 12 yd. dump truck S/N 1FDYN8EZSVA26092 could not be located.
2. Details of fire departments' listings of property and equipment do not agree with Rural Fire Protection District No. 2's computer listing.
3. Date of acquisition on general fixed asset listing defaults to 12/31/94 for many assets acquired prior to that date.
4. General fixed asset listing was not reconciled to the books at 12/31/95.

RECOMMENDATION

1. The annual physical inventory of fixed assets should be scrupulously reconciled to the computer listing. Any assets on the listing but not physically examined should be questioned. Also, assets traded-in or sold must be communicated to the asset manager and deleted from the listing.
2. Reconcile Rural Fire Protection District No. 2's computer listing to the fire departments' listings and physically inventory all fire department items.
3. Correct date of asset acquisition on general fixed asset listing.
4. Communication of asset purchases and deletions should be improved between the asset manager and the accounting staff. A reconciliation of the asset listing to the books should be done at year-end.



RESPONSE BY THE PARISH PRESIDENT

The Tangipahoa Parish Council Administration has worked diligently to upgrade the records with regards to Fixed Assets. We are currently working with the software programmer to make the system utilities and reports even better in the future.

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SOCIETY OF LOUISIANA CPAs

INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

To the President and Members  
of the Tangipahoa Parish Council  
Amite, Louisiana

I have audited the component unit financial statements of the Tangipahoa Parish Council, primary government, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 31, 1996.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Tangipahoa Parish Council is the responsibility of the council. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, I performed tests of the Tangipahoa Parish Council's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed the following instances of noncompliance, included in Exhibit P, that are required to be reported herein under *Government Auditing Standards* for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the Tangipahoa Parish Council's 1995 financial statements.

I considered these instances of noncompliance in forming my opinion on whether the component unit financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated May 31, 1996, on those component unit financial statements.

I noted certain immaterial instances of noncompliance that I have reported to the management of the Tangipahoa Parish Council in a separate letter dated May 31, 1996.

Tangipahoa Parish Council  
Report on Compliance (cont'd)

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

A handwritten signature in black ink, appearing to read "Lee Gray". The signature is written in a cursive, flowing style.

Certified Public Accountant

May 31, 1996

EXHIBIT P

Noncompliance With  
Laws and Regulations

For the Year Ended December 31, 1995

TANGIPAHOA PARISH COUNCIL  
FINDINGS AND RECOMMENDATIONS

Noncompliance with Laws and Regulations  
For the Year Ended December 31, 1995

1. FAILURE TO COMPLY WITH PUBLIC BID LAW

Louisiana Revised Statute (LSA-R.S.) 38:2212 requires all purchases of any materials or supplies exceeding the sum of ten thousand dollars to be advertised and let by contract to the lowest responsible bidder. Purchases of five thousand dollars or more, but less than ten thousand dollars shall be made by obtaining no less than three telephone or facsimile quotations.

A lease-purchase contract is subject to the public bid law.

All public work exceeding a contract limit of \$50,000 per project is subject to the public bid law.

My audit disclosed the following:

- A. When purchasing some equipment, the council is subtracting a five-year buyback amount from the bid price received to arrive at the lowest bid price. This is in violation of the requirement that the bid price be a firm figure; the council may decide in five years not to utilize the buyback, or the buyback may ultimately occur, but for a lesser amount, depending upon the condition of the equipment. In fact, a grader purchased in 1989 had a buyback amount of \$28,000, but the actual buyback in 1995 was \$18,363.
- B. The council paid for a telephone lease-purchase made by the Clerk of Court. This purchase exceeded \$10,000, but was not bid.
- C. The council purchased mats for the landfill for \$9,945 without obtaining three quotes.
- D. The council constructed a sludge treatment facility at the landfill with its own employees and equipment. The unbid cost of this project exceeded \$50,000 and should have been let out for public bid. (It appears from the 1996 minutes of the council that they also plan to self-construct cells 8/9 at the landfill. This project exceeds \$50,000, and would also be a violation of LSA-R.S. 38:2212 if not publicly bid).

RECOMMENDATIONS

I recommend that the public bid law be followed in all purchases and that the use of a buyback amount in the calculation of a bid price be discontinued.

I further recommend that the public bid law be followed when a public work project is estimated to cost in excess of \$50,000. The council should, in fact, seek legal advice from its attorney before embarking on any major project.

RESPONSE BY THE PARISH PRESIDENT

- A. The decrease in the actual buy-back was due to extraordinary wear on the equipment as outlined in the buy-back agreement. With regard to the future use of buy-back agreements, the Tangipahoa Parish Council is in the process of contacting the Attorney General's Office to obtain a written opinion on this matter.
- B. This purchase was made by the Clerk of Court prior to the conclusion of the prior year audit. Upon the recommendation of the prior year auditors, we require all large purchases be bid and made through this office.
- C. The Tangipahoa Parish Council will provide documentation of bids for all purchases which meet public bid requirements.
- D. The Tangipahoa Parish Landfill constructed the sludge treatment facility and the current cell 8-9 in the same manner that construction has been done since the facility's origination. This is the first year that the auditors have considered it to be a bid violation. Consequently, we will seek a written opinion from the Attorney General's Office concerning this matter.

2. ENERGY MASTERS CONTRACT

In August 1995, the council accepted an Energy Analysis Proposal from Energy Masters Corporation (EMC) "with Energy Masters Corporation furnishing a performance bond." For the sum of \$474,260 (including change orders), Energy Masters Corporation is to provide energy savings services to the council. Approximately 50% of this sum is guaranteed by Energy Masters to be recovered by the council in energy savings over the next ten years.

Section 32 of the Energy Management Agreement between Energy Masters Corporation and the Tangipahoa Parish Council states that the "service company is to provide payment and performance bonds on the project to cover the costs of labor and material installed on the project."

However, the administration did not follow-up to see that the bond was obtained as required, and, in fact, the bond was not furnished.

Financial statements of Energy Masters Corporation at December 31, 1995, obtained from EMC in June 1996 at my request, indicate total stockholders' equity of \$944,133. Total savings guaranteed by the company for various energy projects totaled over \$5 million as of that date.

The performance bond, had it been obtained, would only cover the costs of labor and material but not the guaranteed savings, according to an EMC official.

RECOMMENDATION

The council should have its legal counsel obtain a performance bond from Energy Masters Corporation immediately. In addition, financial statements of Energy Masters should have been requested and studied prior to signing the agreement.

RESPONSE BY THE PARISH PRESIDENT

The Tangipahoa Parish Council will implement, as part of the bid process, a procedure to follow up on the vendor's compliance with the requirements of all bids.

3. FAILURE TO COMPLY WITH BUDGET REQUIREMENTS

The Tangipahoa Parish Council did not comply with certain budget requirements set forth in Louisiana law relating to amending the budgets. Budget procedures applicable to amending the budgets are specified in Louisiana Revised Statutes 39:1301 - 1314. Also Article V Sections 5-02 through 5-06 of the Home Rule Charter contains certain budget requirements which the council must follow.

State law requires the Parish Council to amend budgets when actual expenditures plus projected expenditures within a fund for the remainder of the year exceed budgeted expenditures by five percent or more, or revenue collections plus projected revenue collections for the remainder of the year, within a fund, fail to meet estimated annual budgeted revenues by five percent or more. The Tangipahoa Parish Council did not amend the budgets of the following funds for which actual expenditures exceeded budgeted expenditures, or actual revenues failed to meet budgeted revenues, by five percent or more.

	<u>Unfavorable Variance</u>		<u>Per</u>
	<u>Expenditures</u>	<u>Revenues</u>	<u>Cent</u>
Special revenue funds:			
Fire Protection District No. 2	\$133,623		17.94%
Section 8 Housing		\$31,371	7.31%
Section 8 Voucher	25,480		17.32%

Also, the notice of a public hearing was published late. State law requires the notice of public hearing to be published at least 10 days prior to the hearing. The council's notice of the public hearing to be held for the 1995 budget was published four days prior to the hearing.

Although a five-year capital improvement budget was adopted as required by Section 5-05, the appropriate supporting information as to the necessity for such improvements and acquisitions was not included, nor was there an estimated annual cost of operating and maintaining the capital improvements.

These budget deficiencies place the Tangipahoa Parish Council in noncompliance with the Home Rule Charter and the Louisiana Budget Law and also reduce the effectiveness of the Tangipahoa Parish Council's budgetary controls.

### RECOMMENDATIONS

State law should be followed regarding the publishing of notices of public hearings. Budget comparisons should be closely monitored and amendments made when necessary. Section 5-05 of the Home Rule Charter needs to be closely studied by your staff, and the capital improvement budget prepared in accordance with this Section.

### RESPONSE BY THE PARISH PRESIDENT

The notice was published late due to a timing error with the newspaper that has been noted and corrected in current budget. The budget variances were due to unexpected financial adjustments made following the close of the year. The Tangipahoa Parish Council will anticipate these adjustments in the future. This administration is also working to comply with the capital outlay budget provisions of the Home Rule Charter.

#### 4. FAILURE TO COMPLY WITH BOND RESOLUTION

Sewerage District No. 1 is not in compliance with the following covenants in connection with the issuance of \$800,000 of Sewer Revenue Bonds:

- A. Maintain rates which will always provide revenues in each year sufficient to pay the reasonable and necessary expenses of operating and maintaining the System, the principal and interest maturing on the bonds, all reserves or sinking funds required for such year, and all other obligations and indebtedness of the System.
- B. Provide revenues in each year that, after paying all reasonable and necessary expenses of operating and maintaining the System, at least equal to 120% of the largest amount of principal and interest maturing on the bonds in any future fiscal year.
- C. Shut off service if delinquent charge is not paid within 30 days.
- D. Have books audited no later than 3 months after the end of the fiscal year.
- E. Bond officers or employees in position of authority or in possession of money derived from the operation of the System.



- F. Establish a Reserve Fund.
- G. No free services to be furnished to any persons.

RECOMMENDATION

The District must comply with all covenants or apply for a written waiver if not followed.

RESPONSE BY THE PARISH PRESIDENT

The Tangipahoa Parish Council met with representatives from the lender. We will work to come into compliance with the requirements and attempt to obtain a waiver for the unreasonable requirements of the bond covenant.

5. FAILURE TO CHARGE FOR SEWER SERVICES

Approximately nine to twelve households on the Velma sewerage system are receiving sewer services but are not being billed for their usage.

The majority of the Velma sewer customers are on the French Settlement water system and are being billed for sewer usage along with water usage. The customers that are not being billed are not on the French Settlement water system and would have to be billed separately.

RECOMMENDATION

Sewerage District No. 1 should bill all customers for sewer services. A separate billing system should be established if necessary to bill customers who are not already included in a water system.

RESPONSE BY THE PARISH PRESIDENT

The Tangipahoa Parish Council was not aware that sewer services went unbilled. A follow up has determined that these customers do not subscribe to any parish water system. We will, however, request that the appropriate water service begin billing these customers for sewer service immediately.

6. CORONER INVESTIGATION

On June 14, 1995, an investigative report was released by the Legislative Auditor on the Tangipahoa Parish Coroner. The investigation found that the coroner billed the Tangipahoa Parish Council, during the period January 1992 through January 1995, for sanity evaluations and sanity investigations that he did not perform. The coroner was indicted by a grand jury on January 5, 1996, for various offenses. Trial is pending.

One of the recommendations of the Legislative Auditor was for the parish to obtain a clear understanding of the services the Coroner is providing and ensure that all fees paid are in compliance with Louisiana law.

RECOMMENDATION

I recommend that Tangipahoa Parish Council follow the recommendation put forth by the Legislative Auditor.

RESPONSE BY THE PARISH PRESIDENT

As it has in the past, the Tangipahoa Parish Council will continue to follow the requirements of both Louisiana Law and the recommendations of the governing authorities.

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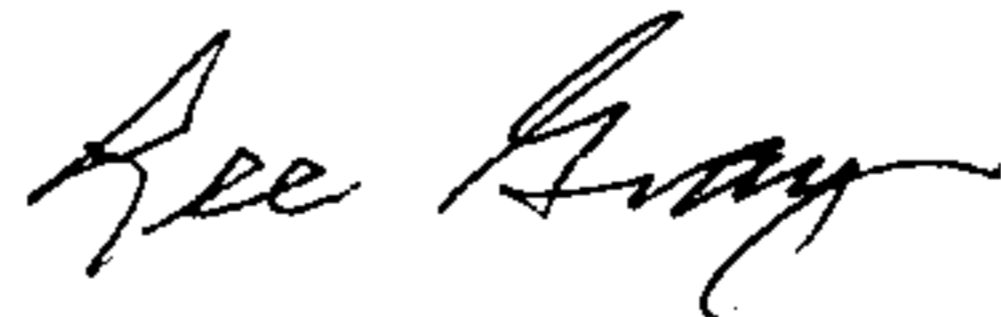
INDEPENDENT AUDITOR'S REPORT ON  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Parish President and Members  
of the Tangipahoa Parish Council  
Amite, Louisiana

I have audited the component unit financial statements of the Tangipahoa Parish Council, primary unit, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 31, 1996. These component unit financial statements are the responsibility of the Tangipahoa Parish Council's management. My responsibility is to express an opinion on these component unit financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was conducted for the purpose of forming an opinion on the component unit financial statements of the Tangipahoa Parish Council, primary government, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the component unit financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in my opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.



Certified Public Accountant

May 31, 1996

TANGIPAHOA PARISH COUNCIL  
Amite, Louisiana

Schedule of Federal Financial Assistance  
For the Year Ended December 31, 1995

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<b>Department of Agriculture</b>			
(Major program)			
Passed through Louisiana Dept. of Health and Human Services - Food Stamp Program			
	10.551	\$16,364,541	\$16,233,014
Passed through Farmers' Home Administration - FmHa Loan			
	10.418	30,300	30,300
<b>Department of Housing and Urban Development</b>			
(Major program)			
Direct Program - Lower Income Housing Assistance Program			
	14.156	393,073	383,403
Direct Program - Section 8 Housing Voucher Program			
	14.177	178,080	172,605
(Major Program)			
Passed through Louisiana Division of Administration - Louisiana Community Development Block Grant			
	14.219	545,691	545,691
<b>Department of Federal Emergency Management Agency</b>			
Passed through Louisiana Office of Military Affairs Emergency Management Assistance - Civil Defense			
	83.503	6,771	6,771
<b>Environmental Protection Agency</b>			
Passed through Lake Pontchartrain Basin Foundation - Johnston Basin Cleanup Program			
	N/A	<u>85,808</u>	<u>85,808</u>
		<u>\$17,604,264</u>	<u>\$17,457,592</u>

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**TANGIPAHOA PARISH COUNCIL**  
Amite, Louisiana

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**FINANCIAL REPORT**  
December 31, 1995

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INDEPENDENT AUDITOR'S REPORT ON  
THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Parish President and Members  
of the Tangipahoa Parish Council  
Amite, Louisiana

I have audited the component unit financial statements of the Tangipahoa Parish Council, primary government, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 31, 1996. I also have audited the compliance of the Tangipahoa Parish Council, primary government, with requirements applicable to major federal financial assistance programs and have issued my report thereon dated May 31, 1996.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement and about whether the Tangipahoa Parish Council, primary government, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing my audit for the year ended December 31, 1995, I considered the internal control structure of the Tangipahoa Parish Council in order to determine my auditing procedures for the purpose of expressing my opinions on the component unit financial statements of the Tangipahoa Parish Council and on the compliance of the Tangipahoa Parish Council with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the component unit financial statements in a separate report dated May 31, 1996.

The management of the Tangipahoa Parish Council, primary government, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in

Tangipahoa Parish Council  
Report on Internal Control Structure  
Federal Assistance Programs (cont'd)

accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

**ACCOUNTING CONTROLS:**

Budgeting  
Cash  
Revenue and receivables  
Expenditures for goods and services and accounts payable  
Payroll and related liabilities  
Property, equipment, and capital expenditures  
Single audit and similar grant programs

**ADMINISTRATIVE CONTROLS:**

General Requirements

Political activity  
Davis-Bacon Act  
Civil rights  
Cash management  
Real property acquisition  
Federal financial reports  
Allowable costs/cost principles  
Drug-free Workplace Act  
Administrative requirements

Specific Requirements

Types of services  
Eligibility  
Reporting

Claims for Advances and Reimbursements

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

Tangipahoa Parish Council  
Report on Internal Control Structure  
Federal Assistance Programs (cont'd)

During the year ended December 31, 1995, the Tangipahoa Parish Council, primary government, expended 98% of its total federal financial assistance under major federal financial assistance programs.

I performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to each of the Tangipahoa Parish Council's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above.

However, I noted certain matters involving the internal control structure and its operations that I have reported to the management of the Tangipahoa Parish Council in a separate letter dated May 31, 1996.

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



Certified Public Accountant

May 31, 1996



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I N D E P E N D E N T A U D I T O R ' S R E P O R T O N  
C O M P L I A N C E W I T H T H E G E N E R A L R E Q U I R E M E N T S A P P L I C A B L E T O  
F E D E R A L F I N A N C I A L A S S I S T A N C E P R O G R A M S

To the Parish President and Members  
of the Tangipahoa Parish Council  
Amite, Louisiana

I have audited the component unit financial statements of the Tangipahoa Parish Council, primary government, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 31, 1996.

I have applied procedures to test the Tangipahoa Parish Council's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1995: political activity, Davis-Bacon Act, civil rights, cash management, real property acquisition, federal financial reports, allowable costs/cost principles, Drug-free Workplace Act, and administrative requirements.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion of the Tangipahoa Parish Council's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

Material instances of noncompliance consist of failures to follow the general requirements that caused me to conclude that the misstatements resulting from those failures are material to the federal financial assistance programs. The results of my tests of compliance disclosed the following material instances of noncompliance that are described in Exhibit Q.

I considered these material instances of noncompliance in forming my opinion on whether the Tangipahoa Parish Council's 1995 component unit financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated May 31, 1996, on those financial statements.

Tangipahoa Parish Council  
Report on Compliance  
Federal Assistance Programs (cont'd)

Except as described in Exhibit Q, the results of my procedures to determine compliance indicate that, with respect to the items tested, the Tangipahoa Parish Council complied, in all material respects, with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the Tangipahoa Parish Council had not complied, in all material respects, with those requirements.

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



Certified Public Accountant

May 31, 1996

EXHIBIT Q

Noncompliance With General  
Requirements Applicable to  
Federal Financial Assistance Programs

For the Year Ended December 31, 1995

**TANGIPAHOA PARISH COUNCIL  
FINDINGS AND RECOMMENDATIONS**

**General Requirements Applicable to Federal Financial  
Assistance Programs  
For the Year Ended December 31, 1995**

**DRUG-FREE WORKPLACE ACT**

The Tangipahoa Parish Council is not in compliance with the requirements of the Drug-Free Workplace Act.

**RECOMMENDATIONS**

1. The employee manual should have a policy statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violation of such prohibition. The statement should also state that as a condition of employment under a grant, the employee will abide by the terms and will notify the employer in writing of any criminal drug statute conviction for a violation occurring in the workplace no later than five calendar days after such conviction.
2. An ongoing drug-free awareness program should be established to inform employees about:
  - The dangers of drug abuse in the workplace;
  - The employer's policy of maintaining a drug-free workplace;
  - Any available drug counseling, rehabilitation, and employee assistance programs; and
  - The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
3. Make it a requirement that each employee engaged in the performance of a federal grant be given a copy of the employee manual. I suggest that the employee sign some type of form acknowledging receipt of the manual. The signed form should be kept in the employee's file.
4. The grant agency should be notified in writing within ten calendar days after receiving notice of conviction from the employee or otherwise receiving actual notice of such conviction.

5. One of the following actions should be taken within 30 calendar days of receiving notice of conviction from the employee:
- Take appropriate personnel action against the employee, up to and including termination; or
  - Require the employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.

RESPONSE BY THE PARISH PRESIDENT

The Tangipahoa Parish Council will work to become in compliance with Drug Free Workplace Act.

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INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Parish President and Members  
of the Tangipahoa Parish Council  
Amite, Louisiana

I have audited the component unit financial statements of the Tangipahoa Parish Council, primary government, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 31, 1996.

I have also audited the compliance of the Tangipahoa Parish Council, primary government, with the requirements governing types of services allowed or unallowed, eligibility, reporting, and claims for advances and reimbursements that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1995. The management of the Tangipahoa Parish Council is responsible for the Tangipahoa Parish Council's compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Tangipahoa Parish Council's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed material instances of noncompliance with the requirements referred to in the second paragraph which are described in Exhibit R. I considered these instances of noncompliance in forming my opinion on compliance, which is expressed in the following paragraph.

In my opinion, except for those instances of noncompliance with the requirements referred to above and identified in Exhibit R, the Tangipahoa Parish Council complied, in all material respects, with the requirements governing types of services allowed or unallowed, eligibility, reporting, and claims for advances and reimbursements that are applicable to each of its major federal financial assistance programs for the year ended December 31, 1995.

Tangipahoa Parish Council  
Report on Compliance  
Major Federal Assistance Programs (cont'd)

This report is intended for the information of management, the Legislative Auditor, and the Federal Cognizant Agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script that reads "Lee Gray".

Certified Public Accountant

May 31, 1996

EXHIBIT R

Noncompliance With Specific Requirements  
Applicable to Major Federal  
Financial Assistance Programs

For the Year Ended December 31, 1995



TANGIPAHOA PARISH COUNCIL  
FINDINGS AND RECOMMENDATIONS

Noncompliance With Specific Requirements  
Applicable to Major Federal  
Financial Assistance Programs  
For the Year Ended December 31, 1995

1. FY1993 LCDBG PROGRAM (VELMA PROJECT)

1. The HUD Inspector General's Office concluded that the Tangipahoa Parish Council was negligent in the premature close-out of the LCDBG Program in the Velma Community.

Accordingly, the Parish is sanctioned from participation in the LCDBG Program for a period of five program years, such period to begin upon conditional closeout of two grants currently held.

2. The following items regarding the Velma LCDBG project were also noted:

- A. Three change orders were made to the construction contract amounting to a net change of \$7,836. These change orders were not approved by the council.
- B. Payments of contractor's estimates totalling \$397,848 were made to the construction contractor without the approval of the project engineer. The engineer informed me that he refused to approve these estimates. Payment should not have been made without the written approval of the project engineer.
- C. The contractor's estimate # 5 for the Velma project dated April 17, 1995, for the contract period ended on April 17, 1995, indicates that of the original contract amount of \$462,952, the work then completed was \$274,971, which is 59.4% of the total project.

The certificate of substantial completion for the Velma project was dated April 12, 1995, and was signed by the contractor, Gordon Burgess (parish president), and Robert Barrilleaux (project engineer).

This acceptance was filed with the Tangipahoa Parish Clerk of Court on April 17, 1995. The Clerk of Court issued a lien certificate on June 1, 1995, and the contractor was paid in full, including retainage, on June 12, 1995.

It appears to me that based on the contractor's estimate # 5, the job was not substantially complete on April 12, 1995, and, accordingly, the lien period should not have begun at that time.

- D. Some documents were not kept at the council offices; they had to be requested from the engineer.

### RECOMMENDATIONS

The council must assure the accuracy and completeness of all documents relating to a LCDBG program. Change orders should be approved by the council and no payment made without the signed approval of the engineer. The certificate of substantial completion should not be signed until the construction is sufficiently completed in accordance with the contract documents so that the project can be utilized for the purpose for which it was intended. Also, all LCDBG documents should be kept at the council offices.

### RESPONSE BY THE PARISH PRESIDENT

In the future, the Tangipahoa Parish Council will more closely follow and supervise all work done on behalf of the parish.

## 2. SECTION 8 HOUSING

For the eighteen files examined, I found:

1. An incomplete lease addendum was in one file. Only page 1 of a 2 page addendum could be located.
2. One lease stated a contract rental of \$448, when the correct rental was \$375.
3. One check for \$185 was written to the wrong landlord.
4. Three files did not contain current inspection forms.
5. One tenant was given a utility reimbursement payment of \$4 in error.

### RECOMMENDATIONS (Repeated from prior year)

All tenant files should be periodically reviewed to determine that required documents are present, correctly prepared, and properly signed by all parties. A checklist of required documents should be developed, completed, and initialed by the responsible party after review.

The calculation of rent should be checked by a second party and rents should be periodically tested by a knowledgeable third party.

RESPONSE BY THE PARISH PRESIDENT

The Tangipahoa Parish Council is continuing to work to bring the parish section 8 program into better compliance with regulatory requirements.

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INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

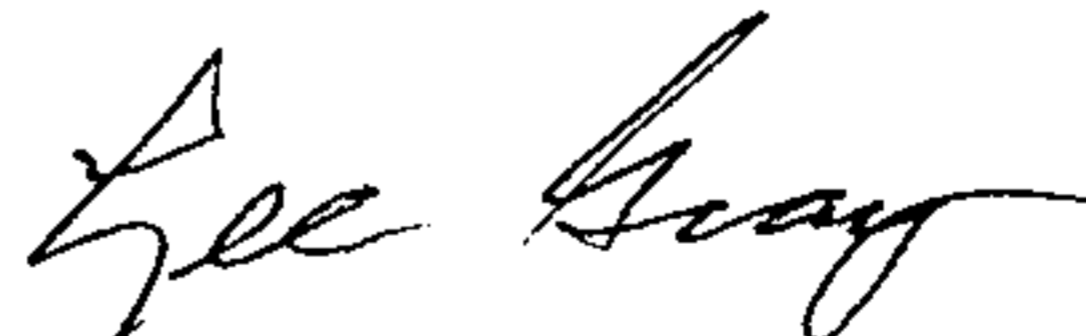
To the Parish President and Members  
of the Tangipahoa Parish Council  
Amite, Louisiana

I have audited the component unit financial statements of the Tangipahoa Parish Council, primary government, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 31, 1996.

In connection with my audit of the component unit financial statements of the Tangipahoa Parish Council, and with my consideration of the Tangipahoa Parish Council's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1995. As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, eligibility, and matching that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Tangipahoa Parish Council's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the Tangipahoa Parish Council had not complied, in all material respects, with those requirements. However, the results of my procedures disclosed immaterial instances of noncompliance with those requirements, which are described in Exhibit S.

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



Certified Public Accountant

May 31, 1996

EXHIBIT S

Noncompliance With Specific Requirements  
Applicable to Nonmajor Federal  
Financial Assistance Program Transactions

For the Year Ended December 31, 1995

TANGIPAHOA PARISH COUNCIL  
FINDINGS AND RECOMMENDATIONS

Noncompliance With Specific Requirements  
Applicable to Nonmajor Federal  
Financial Assistance Program Transactions  
For the Year Ended December 31, 1995

1. FAILURE TO PROVIDE ADEQUATE DOCUMENTATION  
JOHNSTON-BASIN CLEANUP PROGRAM

A contract was entered into between the Tangipahoa Parish Council and the Lake Pontchartrain Basin Foundation (LPBF) on August 30, 1994, for the construction of a sludge treatment facility at the landfill. LPBF is to provide the council an amount up to a maximum of \$100,000 on a 50-50 cost share basis.

On October 16, 1995, the council submitted a cost statement to LPBF for a total of \$171,615. Of this amount, \$84,000 of labor could not be adequately substantiated.

RECOMMENDATION

The council should retain adequate documentation to support all claims for grant monies.

RESPONSE BY THE PARISH PRESIDENT

In the future, the Tangipahoa Parish Council will more closely follow and supervise all work done on behalf of the parish.

2. SECTION 8 VOUCHER PROGRAM

For the seven files I examined, I found:

Three files contained an incomplete rent reasonableness form, and two files had no rent reasonableness form at all.

RECOMMENDATION

All tenant files should be periodically reviewed to determine that required documents are present. A checklist of required documents should be developed, completed, and initialed by the responsible party after review.

RESPONSE BY THE PARISH PRESIDENT

The Tangipahoa Parish Council is continuing to work to bring the parish section 8 program into better compliance with regulatory requirements.

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## MANAGEMENT LETTER

To the Parish President and Members  
of the Tangipahoa Parish Council  
Amite, Louisiana

As part of the financial audit of the Tangipahoa Parish Council for the fiscal year ended December 31, 1995, I performed a study and evaluation of the internal control system necessary to achieve an understanding of the accounting and financial reporting system of the Tangipahoa Parish Council. I also performed tests of the Tangipahoa Parish Council's compliance with certain provisions of laws, regulations, contracts, and grants.

As a result of my audit, I noted several items in the council's system of recordkeeping and internal control which should be improved. I also noted instances of noncompliance with certain provisions of laws, regulations, contracts, and grants.

My findings concerning these items are listed below:

### **FINDING NO. 1** **(Repeated from prior year)**

#### FINANCIAL CONTROLS/PROCEDURES MANUAL

Management of the Tangipahoa Parish Council is in the process of developing a policy and procedures manual but it has not yet been completed.

#### RECOMMENDATION

It is recommended that the policy and procedures manual be completed and approved by the Parish President as soon as possible.

#### RESPONSE BY PARISH PRESIDENT

The Tangipahoa Parish Council will attempt to complete this manual as soon as possible.



**FINDING NO. 2**  
**(Repeated from prior year)**

**CONTRACT WITH HAMMOND FIRE DEPARTMENT**

According to an amendment to the 1995 contract between Fire Protection District No. 2 and the various volunteer fire departments, Fire Protection District No. 2 shall set aside \$12,500 which will be allocated to the maintenance and upkeep of all fire equipment owned by Fire Protection District No. 2 and located within the Hammond zone of responsibility. The City of Hammond would be responsible for all costs of maintenance and upkeep after the parish's \$12,500 has been expended.

**RECOMMENDATION**

The terms of the agreement should be clarified as to what is intended by all parties and the actual transactions should follow the agreement.

**RESPONSE BY PARISH PRESIDENT**

The Tangipahoa Parish Council has brought this matter to the attention of the Fire Board.

**FINDING NO. 3**  
**(Repeated from prior year)**

**BANK SIGNATURE CARD**

A council employee who left the council's employ in 1994 is still on the signature card at Central Progressive Bank. This was noted during my 1994 audit and the council was advised to remove this employee as an authorized signer.

**RECOMMENDATION**

The bank should be immediately notified to delete this employee's name as an authorized signer.

**RESPONSE BY PARISH PRESIDENT**

The Tangipahoa Parish Council has contacted Central Progressive Bank and has determined that the bank did not properly destroy the old signature card when it was furnished with a new one last year. The problem is now corrected.

#### FINDING NO. 4

##### ACCOUNTING RECORDS - GENERAL

It was noted during my audit that no general ledgers were produced for 1995 until the April 1995 accounting was completed. This indicates that the recording of 1995 transactions was not reviewed until four months of the year had passed.

Also, supporting journals are available from the council's accounting software but are not printed and retained in paper form.

##### RECOMMENDATION

A general ledger should be printed each month and timely reviewed for accuracy. Accounting records are incomplete without a paper copy of all journals; these should be printed monthly and retained.

##### RESPONSE BY PARISH PRESIDENT

A problem with the prior year close out prevented the timely generation of all general ledgers. However, the Tangipahoa Parish Council has always complied with all auditor recommendations regarding the general ledgers and journals as soon as we have been made aware of them.

#### FINDING NO. 5

##### ACCOUNTING RECORDS - SLUDGE TREATMENT FACILITY

A contract was entered into with the Lake Pontchartrain Basin Foundation (LPBF) for the council to design and construct a sludge treatment facility. LPBF was to pay no more than 50% of the cost of the project up to a maximum of \$100,000.

The council did not record the cost of the sludge facility in a single account; therefore, it was difficult to determine the council's costs in the project and to determine if the funds expended for each activity exceeded those allowed in the contract.

##### RECOMMENDATION

Establishing a separate general ledger account for construction costs associated with a grant project would provide an accounting control and a clear audit trail for those costs.

RESPONSE BY PARISH PRESIDENT

In the future, the Tangipahoa Parish Council will more closely follow and supervise all work done on behalf of the parish.

**FINDING NO. 6**

DAMAGES PAID WITHOUT SUPPORTING DOCUMENTATION

The council paid damages of \$528 to a hunting club for damages done to its land by landfill equipment. (The hunting club owns land adjacent to the parish landfill). There was no documentation available which indicated how the damage amount was calculated.

RECOMMENDATION

In the future, the council should have adequate documentation to justify the payment of damages to any party.

RESPONSE BY PARISH PRESIDENT

The Tangipahoa Parish Council will ensure the retention of all relevant documentation regarding the expenditure of parish funds.

**FINDING NO. 7**

INADEQUATE DOCUMENTATION - FUEL CHARGES

Sewerage District fuel tickets do not indicate whether fuel is being purchased for vehicles or equipment. Only equipment fuel should be purchased, since the District owns no vehicles and employees are reimbursed a mileage per diem for the use of their vehicles.

However, it was not possible to determine that only equipment fuel is purchased because the fuel tickets do not indicate which equipment is being fueled.

RECOMMENDATION

Sewerage District fuel tickets should indicate what equipment fuel is being purchased for.

RESPONSE BY PARISH PRESIDENT

The Tangipahoa Parish Council has requested better documentation of all charges by the sewer district employees.

# TANGIPAHOA PARISH COUNCIL

## Amite, Louisiana

Component Unit Financial Statements  
With Supplemental Information  
And Independent Auditor's Reports  
As of and for the Year Ended December 31, 1995

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TANGIPAHOA PARISH COUNCIL  
Amite, Louisiana

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TANGIPAHOA PARISH COUNCIL  
Amite, Louisiana

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INDEPENDENT AUDITOR'S REPORT

To the Parish President and Members  
of the Tangipahoa Parish Council  
Amite, Louisiana

I have audited the accompanying component unit financial statements of the Tangipahoa Parish Council, primary government, as of and for the year ended December 31, 1995, as listed in the table of contents. These component unit financial statements are the responsibility of the Tangipahoa Parish Council, primary government's management. My responsibility is to express an opinion on these component unit financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The component unit financial statements referred to above include only the financial activities of the primary government. Financial activities of the other component units that form the reporting entity are not included (see note 1(A) for details).

In my opinion, except for the matter discussed in the preceding paragraph, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Tangipahoa Parish Council, primary government, as of December 31, 1995, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the component unit financial statements of the Tangipahoa Parish Council, primary government. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in my opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.



Certified Public Accountant

May 31, 1996



PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
ENTERPRISE FUND	INTERNAL SERVICE FUND	AGENCY FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
\$11,302	\$66,332	\$ -	\$ -	\$ -	\$4,270,195
2,436	-	-	-	-	2,436
37,288	-	-	-	-	4,033,236
-	32,500	-	-	-	62,857
-	-	-	-	-	122,901
-	-	-	-	-	22,090
1,435,175	55,523	-	24,445,891	-	25,936,589
-	-	332,342	-	-	332,342
-	-	-	-	374,874	374,874
-	-	-	-	1,719,039	1,719,039
-	-	-	-	1,080,960	1,080,960
<u>\$1,486,201</u>	<u>\$154,355</u>	<u>\$332,342</u>	<u>\$24,445,891</u>	<u>\$3,174,873</u>	<u>\$37,957,519</u>
\$5,090	\$111	\$ -	\$ -	\$ -	\$1,292,958
9,474	18,022	-	-	-	179,359
32,500	-	-	-	-	62,857
-	-	-	-	-	177,648
-	-	-	-	-	9,100
792,771	-	-	-	-	792,771
-	-	-	-	-	9,796
-	-	332,342	-	-	332,342
-	-	-	-	675,473	675,473
-	-	-	-	1,072,861	1,072,861
-	-	-	-	345,579	345,579
-	-	-	-	1,080,960	1,080,960
<u>839,835</u>	<u>18,133</u>	<u>332,342</u>	<u>-</u>	<u>3,174,873</u>	<u>6,031,704</u>

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
ENTERPRISE FUND	INTERNAL SERVICE FUND	AGENCY FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
675,240	-	-	-	-	675,240
-	-	-	24,445,891	-	24,445,891
2,436	-	-	-	-	2,436
(31,310)	136,222	-	-	-	104,912
-	-	-	-	-	432,098
-	-	-	-	-	6,265,238
<u>646,366</u>	<u>136,222</u>	<u>-</u>	<u>24,445,891</u>	<u>-</u>	<u>31,925,815</u>
<u>\$1,486,201</u>	<u>\$154,355</u>	<u>\$332,342</u>	<u>\$24,445,891</u>	<u>\$3,174,873</u>	<u>\$37,957,519</u>

<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
\$ -	\$7,683,627
-	2,327,075
-	117,874
-	431,636
540,585	1,204,317
-	53,541
-	781,702
-	666,947
-	315,370
-	137,617
-	243,683
-	32,555
-	195,038
-	1,214,837
-	483,484
-	9,796
-	242,681
-	103,189
540,585	16,244,969
-	204,121
-	1,368,692
-	94,650
-	207,777
-	1,777,172
540,585	7,804,959
-	3,001,680
-	618,910
-	150,490
540,585	15,228,451
-	1,016,518

CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
\$ -	\$35,821
-	134,029
-	(134,029)
<u>-</u>	<u>35,821</u>
-	1,052,339
15	5,644,997
-	505
<u>-</u>	<u>(505)</u>
<u>\$15</u>	<u>\$6,697,336</u>

SPECIAL REVENUE FUNDS *		
BUDGET	ACTUAL	VARIANCE
\$5,725,000	\$5,762,720	\$37,720
1,373,500	1,639,980	266,480
-	-	-
-	-	-
605,675	656,961	51,286
-	-	-
780,000	781,702	1,702
565,500	577,115	11,615
-	-	-
87,625	87,617	(8)
-	-	-
-	-	-
-	-	-
1,176,400	1,151,972	(24,428)
71,000	75,558	4,558
162,365	162,132	(233)
64,775	77,878	13,103
<u>10,611,840</u>	<u>10,973,635</u>	<u>361,795</u>
-	-	-
14,669	13,357	1,312
-	-	-
-	-	-
736,417	870,253	(133,836)
6,199,352	6,435,523	(236,171)
3,160,179	2,813,538	346,641
8,000	182,120	(174,120)
500	29,376	(28,876)
<u>10,119,117</u>	<u>10,344,167</u>	<u>(225,050)</u>
<u>492,723</u>	<u>629,468</u>	<u>136,745</u>

SPECIAL REVENUE FUNDS *		
BUDGET	ACTUAL	VARIANCE
\$36,075	\$35,760	(\$315)
105,112	105,122	10
-	-	-
<u>141,187</u>	<u>140,882</u>	<u>(305)</u>
633,910	770,350	136,440
3,766,056	3,766,056	-
521	505	(16)
<u>\$4,400,487</u>	<u>\$4,536,911</u>	<u>\$136,424</u>

**FINDING NO. 8**

**PAYMENT FOR SEWERAGE DISTRICT MEETINGS**

The Tangipahoa Parish Council granted permission for the Sewerage District to pay its Commissioners \$60 per meeting to be effective October 1, 1991.

However, legal counsel advised payment to be made "only if funds are available, which means expenses of the Sewerage District will be paid before any Commissioner receives payment for meetings."

In 1995, the Commissioners were paid \$2,280 for meetings.

Since the Sewerage District has a net loss for the year ended December 31, 1995, it appears to be against counsel's advice to be paying Commissioners for meetings.

**RECOMMENDATION**

Heed counsel's advice and do not pay Sewerage District Commissioners for attending meetings until the Sewerage District is no longer incurring net losses.

**RESPONSE BY PARISH PRESIDENT**

All obligations of the sewer district were met prior to any payments to commissioners.

**FINDING NO. 9**

**DONATION OF VELMA SEWERAGE SYSTEM**

The Velma sewerage system constructed by the Tangipahoa Parish Council with LCDBG funds was completed and operational by September 1995, at which time the District began to realize revenues from the system.

The system was not donated to the Sewerage District until 1996, however, so no depreciation expense was calculated on the system in 1995.

**RECOMMENDATION**

In the future, the donation of assets should occur at or near the time the asset is first used.

RESPONSE BY PARISH PRESIDENT

The Tangipahoa Parish Council will work for a timely donations of assets, when necessary.

**FINDING NO. 10**

YEAR-END ADJUSTMENTS AND FIXED ASSET RECORDS

The financial statements of the Tangipahoa Parish Council are the responsibility of management. I continue to note a lack of completeness with regard to year-end adjustments and the fixed assets records. In the General Fund alone, receivables of \$250,000 at December 31, 1995, were left off the accounting records and had to be recorded by the auditor. This is just one example. The records of the fixed assets have improved but are not complete as to current year additions and deletions and are not reconciled to the general ledger at year-end.

RECOMMENDATION

I recommend that the Director of Finance prepare written job descriptions for his entire staff which include specific duties and responsibilities.

RESPONSE BY PARISH PRESIDENT

At the time of the year end closeout by the Tangipahoa Parish Council, these receivables could not be properly valued. Consequently, the Tangipahoa Parish Council did not accrue these amounts before the audit. There have been vast improvements in the fixed asset accounting system. We have been working with the programmer to better account for additions and deletions.

I would like to thank you and your staff for the helpful cooperation I received during my audit.

This report is intended for the information of management, the Louisiana Legislative Auditor, and Federal Cognizant Agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
Certified Public Accountant

May 31, 1996