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TANGIPAHOA COMMUNICATION DISTRICT #1
TANGIPAHOA PARISH COUNCIL

FINANCIAL REPORT
As of and for the Two Years Ended
December 31, 1998

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

Release Date JUN 23 1999

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

Component Unit Financial Statements
As of and for the Two Years Ended
December 31, 1998

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INDEPENDENT AUDITOR'S REPORT

Mr. James Rimes, Chairman
and Members of the Board of Commissioners
Tangipahoa Communication District # 1
Tangipahoa Parish Council
Amite, Louisiana 70422

We have audited the accompanying component unit financial statements of the Tangipahoa Communication District # 1, Louisiana, as of and for the two years year ended December 31, 1998, as listed in the table of contents. These component unit financial statements are the responsibility of the Tangipahoa Communication District # 1, Louisiana's, management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

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

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, requires disclosure of certain matters regarding the year 2000 issue. The Tangipahoa Communication District # 1 has included such disclosures in Note 9. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Tangipahoa Communication District # 1's disclosures with respect to the year 2000 issue made in Note 9. Further, we do not provide assurance that the Tangipahoa Communication District # 1's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Communication District does business with will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Tangipahoa Communication District # 1, Louisiana, as of December 31, 1998, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Mr. James Rimes, Chairman
and Members of the Board of Commissioners
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In accordance with *Governmental Auditing Standards*, We have also issued our report dated May 25, 1999 on our consideration of the Tangipahoa Communication District # 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the component unit financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and is not a required part of the component unit financial statements of the Tangipahoa Communication District # 1, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.



Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

Kentwood, Louisiana
May 25, 1999

**TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

Statement A

**Balance Sheet
ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1998**

	<u>Governmental Fund Type</u>	<u>Account Group</u>	<u>Total (Memorandum Only)</u>
	<u>General Fund</u>	<u>General Fixed Assets</u>	
ASSETS			
Cash and cash equivalents	\$404,840	\$ -	\$404,840
Receivable:			
Telephone Charges	27,381	-	27,381
Furniture, Fixtures, & Equipment	-	56,351	56,351
Maps	-	10,796	10,796
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$432,221</u>	<u>\$67,147</u>	<u>\$499,368</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$9,641	\$ -	\$9,641
Accrued salaries/leave	9,110	-	9,110
Deferred revenue	21,045	-	21,045
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>39,796</u>	<u>-</u>	<u>39,796</u>
Fund equity:			
Investment in general fixed assets	-	67,147	67,147
Fund balance - unreserved - undesignated	392,425	-	392,425
	<u> </u>	<u> </u>	<u> </u>
Total fund equity	<u>392,425</u>	<u>67,147</u>	<u>459,572</u>
Total liabilities and fund equity	<u>\$432,221</u>	<u>\$67,147</u>	<u>\$499,368</u>

The accompanying notes are an integral part of this statement.

**TANGIPAHOA COMMUNICATION DISTRICT
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

Statement B

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund Type - General Fund
For the Two Years Ended December 31, 1998**

	<u>1998</u>	<u>1997</u>
REVENUES		
Telephone Charges	\$318,621	\$297,835
Interest earnings	14,463	13,203
Miscellaneous	194	4,722
	<hr/>	<hr/>
Total revenues	333,278	315,760
	<hr/>	<hr/>
EXPENDITURES		
Salaries	152,776	149,143
Payroll Taxes	13,605	14,946
Employee Benefits	14,510	10,159
Travel Expense	3,110	3,153
Office Supplies	1,401	2,049
Telephone Expense	5,962	5,652
Professional Services	-	10,965
Uniforms	-	1,608
Equipment Maintenance	216	679
Equipment & Line Rental	102,221	100,016
Workers' Compensation	1,022	1,715
Liability Insurance	5,855	5,846
Dues & Periodicals	181	336
Employee Training	1,765	3,040
Public Education	488	-
Miscellaneous Expense	44	156
Capital outlay	1,992	1,606
	<hr/>	<hr/>
Total expenditures	305,148	311,069
	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	28,130	4,691
	<hr/>	<hr/>
FUND BALANCE AT BEGINNING OF YEAR	364,295	359,604
	<hr/>	<hr/>
FUND BALANCE AT END OF YEAR	<u>\$392,425</u>	<u>\$364,295</u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Governmental Fund Type - General Fund
For the Two Years Ended December 31, 1998

	Year Ended December 31, 1998		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Telephone Charges	\$300,000	\$318,621	\$18,621
Interest earnings	13,000	14,463	1,463
Miscellaneous	3,000	194	(2,806)
Total revenues	316,000	333,278	17,278
EXPENDITURES			
Salaries	157,000	152,776	4,224
Payroll Taxes	15,000	13,605	1,395
Employee Benefits	15,000	14,510	490
Travel Expense	3,600	3,110	490
Office Supplies	2,000	1,401	599
Telephone Expense	5,000	5,962	(962)
Professional Services	2,000	-	2,000
Uniforms	-	-	-
Equipment Maintenance	2,000	216	1,784
Equipment & Line Rental	102,000	102,221	(221)
Workers' Compensation	2,400	1,022	1,378
Liability Insurance	6,000	5,855	145
Dues & Periodicals	1,000	181	819
Employee Training	1,500	1,765	(265)
Public Education	500	488	12
Miscellaneous Expense	750	44	706
Capital Outlay	2,000	1,992	8
Total expenditures	317,750	305,148	12,602
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,750)	28,130	29,880
FUND BALANCE AT BEGINNING OF YEAR	364,295	364,295	-
FUND BALANCE AT END OF YEAR	\$362,545	\$392,425	\$29,880

The accompanying notes are an integral part of this statement.

Statement C

Year Ended December 31, 1997		
Budget	Actual	Variance Favorable (Unfavorable)
\$290,000	\$297,835	\$7,835
13,000	13,203	203
3,000	4,722	1,722
306,000	315,760	9,760
150,000	149,143	857
14,500	14,946	(446)
15,000	10,159	4,841
4,000	3,153	847
2,000	2,049	(49)
5,000	5,652	(652)
11,000	10,965	35
-	1,608	(1,608)
3,000	679	2,321
102,000	100,016	1,984
2,400	1,715	685
5,800	5,846	(46)
1,000	336	664
3,100	3,040	60
500	-	500
750	156	594
3,000	1,606	1,394
323,050	311,069	11,981
(17,050)	4,691	21,741
359,604	359,604	-
\$342,554	\$364,295	\$21,741

The accompanying notes are an integral part of these statements.

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Two Years Ended December 31, 1998

INTRODUCTION

The Tangipahoa Communication District # 1 (hereinafter referred to as "Communication District") was created by an ordinance of the Tangipahoa Parish Council on June 10, 1986, pursuant to the provisions of Louisiana Statute (LSA-RS) 33:9101-9106. The Communication District was organized to acquire and maintain the facilities and equipment necessary to provide emergency telephone response service (911) to residents of the entire parish of Tangipahoa, Louisiana. As a result of a three year study of the proposed "911" emergency service, it was recommended that the Communication District Board of Commissioners be appointed, and that an election call be made. On August 13, 1990, the Tangipahoa Parish Council adopted Ordinance No. 26 of 1990 amending Ordinance 86-6A Section III, establishing a Communication District and providing for appointment of the board of commissioners in the following manner:

- 1 member nominated by the Parish governing authority
- 1 member nominated by the Tangipahoa Parish Sheriff's Office
- 1 member nominated by the Parish hospitals
- 1 member nominated by the Municipal Law Enforcement Agencies
- 1 member nominated by the Rural Fire Protection Districts
- 1 member nominated by the City Fire Protection Districts
- 1 member nominated by the Ambulance Services

On November 6, 1990, the voters of the Communication District approved a levy on telephone service, necessary to implement Emergency 911 (E911) services to citizens of Tangipahoa Parish. Currently, the Communication District has five full-time employees, and eight part-time employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Tangipahoa Communication District # 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

B. 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 (council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 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:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization's and/or
 - b. The potential for the organization to provide special financial benefits to or impose specific financial burdens on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the 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.

Because the parish council appoints the governing board, has the ability to significantly influence operations, and has accountability for fiscal matters, the Communication District was determined to be a component unit of the Tangipahoa Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Communication District and do not present information on the parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

C. FUND ACCOUNTING

The Communication District uses one fund and one account group to report on its financial position and the results of its operation. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

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 fund because they do not directly affect net expendable available financial resources.

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The fund of the Communication District is classified as a governmental fund (General Fund). The General Fund accounts for the Communication District'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.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund is 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 the governmental fund. The governmental fund uses the following practices in recording revenues and expenditures:

Revenues

Telephone service fees are recorded in the year the fees are charged. Telephone service fees are charged monthly to the customer's telephone bill by Bell South. Bell South remits the collections to the Communication District in the subsequent month.

Interest income represents amounts earned on checking accounts and certificates of deposit invested with financial institutions. Interest earned on checking accounts is recorded when received. Interest earned on certificates of deposit is recorded when the certificates mature and the interest is available.

Substantially all other revenues are recorded when received.

Expenditures

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

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). The Communication District has no operating transfers, since it has only one fund.

E. BUDGET PRACTICES

The Communication District prepares its budget on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The budget is legally adopted and amended, as necessary, by the board of commissioners. The annual budget was amended for fiscal year 1997, but not for fiscal year 1998. A summary of the budget practices of the Communication District are as follows:

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. The Communication District's treasurer prepares the annual budget and submits the proposed budget to the Board of Commissioners no later than fifteen days prior to the beginning of the next fiscal year. The budgets for the fiscal years 1997 and 1998, were presented to the board of commissioners on November 21, 1996, and November 20, 1997 respectively.
2. A summary of the proposed budget is published in the official journal and the public is notified that the proposed budget is available for inspection. At the time the proposed budget is published, a public hearing is also scheduled. The proposed budget was published on December 4th and December 11th of 1996 for fiscal year 1997, and on December 3rd, 10th, and 17th of 1997 for fiscal year 1998.
3. A public hearing, at least 10 days subsequent to publishing the notice, was held on the proposed budget. The public hearing date was December 12, 1996 for the fiscal year 1997 budget, and December 18, 1997 for the 1998 budget.
4. After holding the public hearing and taking all action necessary to finalize and implement the budget for the ensuing fiscal year, the proposed budget is formally adopted by the board of commissioners. The proposed budgets for 1997 and 1998 were adopted by the board of commissioners on December 19, 1996, and December 18, 1997 respectively.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

F. ENCUMBRANCES

Encumbrance accounting is not used. However, formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

G. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Communication District 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.

Under state law, the Communication District 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.

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

H. FIXED ASSETS

Fixed assets 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. Interest costs incurred during construction are 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.

I. COMPENSATED ABSENCES

The Communication District has the following policy relating to vacation and sick leave:

All employees earn vacation time at the rate of two hours for each two week pay period worked. Employees must be employed for one full year before vacation time is available. Vacation time may not be carried forward and is lost, if not taken. After three full years of service, vacation time is increased to the rate of 3.07 hours for each two week pay period worked. Unused vacation pay is paid upon termination.

After ninety days of employment, employees earn four hours of sick leave for each two week pay period worked. Unused sick leave is not paid to the employee under any circumstances.

J. FUND EQUITY

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures. As of December 31, 1998, there was no reservation of fund balance.

K. TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned Memorandum Only to indicate that they are only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

L. USE OF ESTIMATES

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

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. CASH AND CASH EQUIVALENTS

At December 31, 1997, the Communication District has cash and cash equivalents totaling \$404,840, as follows:

Interest-bearing demand deposit	\$ 104,840
Time deposit	300,000
	\$ 404,840

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, 1998, the Communication District has \$409,474 in deposits (collected bank balances). Deposits are secured from risk by \$100,000 of federal deposit insurance and \$309,474 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even though the pledged securities are considered uncollateralized (Category 3) 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 Communication District that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES

The following is a summary of the receivable at December 31, 1998:

<u>Class of Receivable</u>	<u>General Fund</u>
Telephone Service Fees	\$ 27,381

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
 Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 1996	Additions	Deletions	Balance December 31, 1998
Furniture & Equipment	\$ 52,753	\$ 3,598	\$ -	\$ 56,351
Maps	10,796	-	-	10,796
Total	<u>\$ 63,549</u>	<u>\$ 3,598</u>	<u>\$ -</u>	<u>\$ 67,147</u>

5. DEFERRED COMPENSATION

The Tangipahoa Communication District # 1 offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. This plan, provided through the Public Employees Benefits Service Corporation, is available to all Communication District employees and permits them to defer a portion of their salaries until future years. No portion of this deferred compensation is paid by the Communication District.

The deferred compensation benefits are not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, 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 Communication District (without being restricted to the provisions of benefits under the plans), subject only to the claims of the Communication District's general creditors. Participants' rights under the plans are equal to those of general creditors of the Communication District in an amount equal to the fair market value of the deferred account for each participant.

Of the \$5,070,359,074 in the Public Employees Benefits Service Corporation's plan at December 31, 1998, \$15,285 was applicable to the Tangipahoa Communication District # 1.

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

6. COMPENSATED ABSENCES

At December 31, 1998, employees of the Communication District have accumulated and vested \$9,110 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The total amount of \$9,110 is recorded as an obligation of the general fund and consists of \$5,236 in accrued payroll, and \$3,874 of accrued vacation leave. Although vacation leave cannot be carried forward, the liability for vacation leave is recorded since leave is accrued on an annual basis based on the date the employee was hired.

7. LITIGATION AND CLAIMS

At December 31, 1998, the Communication District is not in litigation or aware of any claims.

8. SUBSEQUENT EVENTS

On September 24, 1998, Tangipahoa Communication District # 1 entered into an intergovernmental agreement with the St. Helena Parish Communications District Number One to answer all emergency 911 lines for and on behalf of of the St. Helena Parish Communications District Number One. The St. Helena Parish Communications District Number One will act solely as an answering point and will transfer out to the proper agency or party all emergency calls, but only emergency calls. The agreement and contract began on October 1, 1998, and is to terminate at midnight on September 30, 1999. In the event that the St. Helena Parish Communication District Number One desires to renew the agreement, it must notify both the St. Helena Parish Sheriff and the Tangipahoa Communication District #1 in writing on or before August 1, 1999, and obtain their written approval of the renewal of this contract.

Under the terms of the intergovernmental agreement, St. Helena Parish Communications District Number One is to pay the salary of one additional employee for Tangipahoa Communication District # 1, at \$18,285 for one year, the cost of two additional trunk lines to handle the Century Telephone Company telephone lines, estimated at \$2,760, plus any additional costs that may be incurred for the trunk lines. The total estimated costs of \$21,045 were due and payable to the Tangipahoa Communication District # 1 on or before September 30, 1998. The total of \$21,045 was received by the Tangipahoa Communication District # 1 as of December 31, 1998, and recorded as unearned revenue since the Tangipahoa Communication District # 1 had not yet begun to process emergency 911 calls for St. Helena Parish Communications District Number One. As of the date of this audit report, the emergency 911 system for St. Helena Parish Communications District Number One had been installed and was in the process of being tested. Final implementation of the emergency 911 system for St. Helena Parish Communications District Number One is anticipated within the next sixty days.

9. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Communication District's operations as early as fiscal year 1999.

The Tangipahoa Communication District # 1 has not inventoried computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conduct the district's operations. It was noted that outside parties process accounting and payroll data for the district. Software and computer systems of other agencies providing services to the district have not been inventoried to determine year 2000 compliance. In addition, year 2000

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

compliance may be affected by the operation of communication equipment, lines, and systems. Currently, the primary service provider, Bell South, has indicated that systems will be year 2000 compliant by June 30, 1999. It is unknown, as of December 31, 1998, what effects, if any, failing to remediate any such systems will have upon the Tangipahoa Communication District # 1's operations and financial reporting.

Because of the unprecedented nature of the year 2000 issue, its effect and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Communication District will be year 2000 ready, the Communication District's remediation efforts will be successful in whole or in part, or that parties with whom the Communication District does business will be year 2000 ready.

SUPPLEMENTAL INFORMATION

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

Schedule 1

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
For the Year Ended December 31, 1998

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

NAME	Amount
James Rimes, Chairman	\$ -
John Ballard, Vice-Chairman	-
James D. Stevens, Secretary-Treasurer	-
Jill Brasher, Commissioner	-
Cindy Fannaly, Commissioner	-
Paul Pevey, Commissioner	-
Ritchie Rivers, Commissioner	-
	\$ -

Board of Commissioners	Address	Term of Office
James Rimes, Chairman	Kentwood Police Department 307 Avenue I Kentwood, LA 70444 (504) 229-6305	Expires June, 2000
John Ballard, Vice-Chairman	Peoples Bank 66295 Hwy. 1054 Kentwood, LA 70444 (504) 748-9476	Expires June, 2002
James D. Stevens, Secretary-Treasurer	Amite Fire Department 603 N. 2 nd Street Amite, LA 70422 (504) 748-9412	Expires June, 2001
Jill Brasher, Commissioner	Acadian Ambulance Service, Inc. 40198 Adams Road Hammond, LA 70403 1-800-259-2222	Expires June, 2001
Cindy Fannaly, Commissioner	North Oaks Medical Center 425 S. Eighth Street Ponchatoula, LA 70454 (504) 230-6512	Expires June, 2002
Paul Pevey, Commissioner	Ponchatoula Fire Department 600 West Willow Street Ponchatoula, LA 70454 (504) 386-9581	Expires June, 2000
Ritchie Rivers, Commissioner	Tangipahoa Parish Sheriff's Office 20088 Hwy 16 Amite, LA 70422 (504) 345-6150	Expires June, 2001

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

Schedule 2

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 1998

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

Reference Number: 97-1

Fiscal Year Finding Initially Occurred: Fiscal Year Ending December 31, 1997

Description of Finding:

As the result of an agreed-upon procedures audit for the period of January 1, 1991, through May 31, 1997, the following findings were noted:

1. A \$1,311 check was made payable to an employee who was also one of the authorized signers of the check and who forged the signature of the primary authorized check signer; the board did not review or approve the expenditure.
2. Of 2,985 checks written, 8 had only one of two authorized signatures.
3. Of 2,985 checks, 268 checks appeared to have one authentic signature and one signature that did not appear to be authentic.

Corrective Action Planned (Response by Management):

In response to Item # 1, the Communication District notified both the Louisiana Legislative Auditor and the District Attorney for the Twenty-First Judicial District Court. In a letter dated March 5, 1998, from the District Attorney to the Legislative Audit Advisory Council, it was noted that "Regarding the above matter, it is my understanding the matter contained in the above audit has been handled by the Communication District. It is further my understanding, that full and complete restitution has been made. This office is now considering further action."

In response to Item # 2 above, management indicated that a new stock of new checks with two signature lines are being used. In addition, an employee who is not authorized to sign checks presently reconciles the bank account monthly and verifies that the two required signatures are obtained for all checks clearing the bank. Any exceptions to this policy will be reported to the board immediately.

Management responded to Item # 3 above, as follows:

On October 27, 1997, the auditors met with the present chairman of the board, the immediate past chairman of the board and the immediate past Secretary/Treasurer to review each of the signatures of the immediate past Secretary/Treasurer on each of the checks identified. Based on the results of the review, two hundred twenty eight signatures were acknowledged with certainty that the signatures were authentic. One signature was acknowledged by the immediate past Secretary/Treasurer as not authentic. The remaining thirty-nine checks were noted as unable to classify due to a variation in the signature style over time. Upon further review by the immediate past Secretary/Treasurer, all thirty-nine signatures were acknowledged with certainty to be authentic. A new stock of checks with two signature lines are being used. In addition, an employee who is not authorized to sign checks presently reconciles the bank account monthly and verifies that the two required signatures are obtained for all checks clearing the bank and the signatures match those contained on the authorized card at the bank. Any exceptions to this policy will be reported to the board immediately.

**TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

Schedule 2

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 1998
(Continued)**

Corrective action taken: Partially.

Additional Explanation:

Corrective action is listed as partial until it is determined if further action will be taken by the District Attorney.

Section II - Management Letter

No findings for Section II.

TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

Schedule 3

CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
For the Year Ended December 31, 1998

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

Reference Number: 98-1

Description of Finding:

It was noted within Footnote 9 (Year 2000 Issue) of the *Notes to the Financial Statements*, that the Communication District has not inventoried computer systems and other electronic equipment that may be affected by the year 2000 issue, and that outside parties process accounting and payroll data for the Communication District. Software and computer systems of other parties providing services to the Communication District have not been inventoried to determine year 2000 compliance. In addition, year 2000 compliance may be affected by the operation of communication equipment, lines, and systems. Currently, the primary service provider, Bell South, has indicated that systems will be year 2000 compliant by June 30, 1999. It is unknown, as of December 31, 1998, what effects, if any, failing to remediate any such systems will have upon the Communication District's operations and financial reporting. Although the Communication District is aware of many of the year 2000 issues, action has not been taken to resolve anticipated year 2000 compliance problems. We recommend immediate action for the following:

1. Continue to monitor year 2000 compliance by communications service providers, and obtain a year 2000 compliance statement as soon as possible.
2. Immediately inventory all in-house computer systems for year 2000 compliance. It is possible that three of the PC's would need to be upgraded or replaced.
3. Install the Windows 95 patch for year 2000 compliance or upgrade to Windows 98 on all computers.
4. Have the Windows NT system upgraded for year 2000 compliance.
5. Complete an inventory of all existing software applications and immediately contact software developers to insure that programs are year 2000 compliant. DBASE IV, the Map Info program, Colorado Backup, and the e-mail package were identified as key programs that should be checked for year 2000 compliance, although an inventory should be made of all programs, and year 2000 compatibility reviewed.
6. Complete an inventory of all electronic and data processing systems to identify miscellaneous systems that may not be year 2000 compliant.
7. Maintain contact with parties processing accounting data for the Communication District, to ensure that third party systems are year 2000 compliant.

Corrective Action Planned (Response by Management):

The Communication District will take immediate action to inventory all data processing and communications equipment and systems for year 2000 compliance.

Anticipated Completion Date:

We will check with the above described agencies immediately and throughout the remainder of the year to determine year 2000 compliance for systems and programs that process financial, communications, and management data of the Communication District.

**TANGIPAHOA COMMUNICATION DISTRICT # 1
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

Schedule 3

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
For the Year Ended December 31, 1998
(Continued)**

Name of Contact Person:

James Rimes, Chairman
Tangipahoa Communication District # 1
c/o Kentwood Police Department
307 Avenue I
Kentwood, LA 70444
(504) 229-6305

Section II - Management Letter

No findings for Section II.

Bruce C. Harrell, CPA

Warren A. Wool, CPA
Michael P. Estay, CPA
Dale H. Jones, CPA
Charles P. Hebert, CPA
James D. Rabalais, CPA

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MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

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

To the Board of Commissioners
Tangipahoa Communication District # 1
Tangipahoa Parish Council
Amite, Louisiana 70422

We have audited the component unit financial statements of the Tangipahoa Communication District # 1, Louisiana, as of and for the two years ended December 31, 1998, and have issued our report thereon dated May 25, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tangipahoa Communication District # 1, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the Summary Schedule of Prior Year Audit Findings as Reference Number 97-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tangipahoa Communication District # 1, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Tangipahoa Communication District # 1, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Corrective Action Plan for Current Year Findings as item No. 98-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we believe none of the reportable conditions described above is a material weaknesses.

BRUCE HARRELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Mr. James Rimes, Chairman
and Members of the Board of Commissioners

Page 2

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



Bruce Harrell & Company, CPAs

A Professional Accounting Corporation

May 25, 1999