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**TANGIPAHOA PARISH GOVERNMENT**

Amite, Louisiana

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**ANNUAL FINANCIAL REPORT**

December 31, 2003

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

Release Date 7-21-04

**TANGIPAHOA PARISH GOVERNMENT**

Amite, Louisiana

**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended December 31, 2003

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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 financial statements of the governmental activities, the business-type activities, each major fund, the fiduciary fund, and the aggregate remaining fund information of the Tangipahoa Parish Government, Louisiana (Parish) as of and for the year ended December 31, 2003, which collectively comprise the Parish's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Parish's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

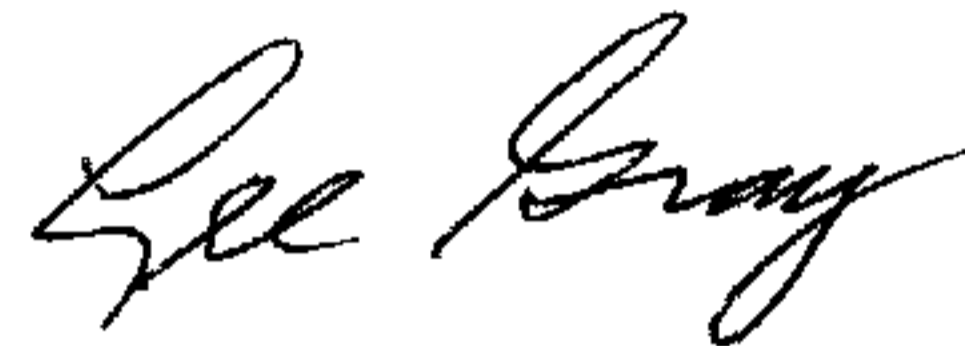
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, the fiduciary fund, and the aggregate remaining fund information of the Tangipahoa Parish Government, Louisiana, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Tangipahoa Parish Government adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, Statement No. 37, *Basic Financial Statements - And Management's Discussion and Analysis - For State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of January 1, 2003. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 27, 2004, on my consideration of the Tangipahoa Parish Government's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis on page 5 through 8 and the budgetary comparison schedules on pages 48 through 52 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Tangipahoa Parish Government's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Tangipahoa Parish Government, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Certified Public Accountant

June 25, 2004

TANGIPAHOA PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2003

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Tangipahoa Parish Government's financial performance provides an overview of the Parish's financial activities for the fiscal year ended December 31, 2003.

Please read it in conjunction with the Parish's financial statements, which begin on page 9.

**FINANCIAL HIGHLIGHTS**

The Parish's net assets increased approximately \$2.5 million as a result of this year's operations. Net assets of our business-type activities increased approximately \$0.6 million, or 30%, and net assets of our governmental activities increased approximately \$1.9 million, or 7%.

Total cost of all of the Parish's programs was in excess of \$24 million in 2003.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 and 9 ) provide information about the activities of the Parish as a whole and present a longer-term view of the Parish's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Parish's operations in more detail than the government-wide statements by providing information about the Parish's most financially significant funds.

**Reporting the Parish as a Whole**

***The Statement of Net Assets and the Statement of Activities***

Our analysis of the Parish as a whole begins on page 6. One of the most important questions asked about the Parish's finances is "Is the Parish as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Parish as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

*These two statements report the Parish's net assets and changes in them. You can think of the Parish's net assets, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the Parish's financial health, or financial position. Over time, increases or decreases in the Parish's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Parish's property tax base and the condition of the Parish's capital assets (roads, bridges, buildings, water, and sewer lines) to assess the overall health of the Parish.*

In the Statement of Net Assets and the Statement of Activities, we divide the Parish into two kinds of activities:

- **Governmental activities:** most of the Parish's basic services are reported here, including road & bridge construction and maintenance, road lighting, landfill operations, health offices, animal control, low income housing (Section 8), rural fire protection, and general administration. The Parish's one per cent sales tax, property taxes, and state and federal grants finance most of these activities.



TANGIPAHOA PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2003

- **Business-type activities:** the Parish charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Parish's sewer systems are reported here.

Reporting the Parish's Most Significant Funds

*Fund Financial Statements*

Some funds are required to be established by State law. However, the Parish establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Parish's three kinds of funds, governmental, proprietary, and fiduciary, use different accounting approaches.

*Governmental Funds:* most of the Parish's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Parish's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Parish's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation beside the fund financial statements.

*Proprietary funds:* when the Parish charges customers for the full cost of the services it provides whether to outside customers or to other units of the Parish, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Parish's enterprise funds (a component business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

*Fiduciary funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources are not available to support the Parish's own programs. The Tangipahoa Parish Government has only agency funds to report within the Fiduciary Fund category. Agency funds are reported on a full accrual basis and only present a statement of assets and liabilities.

FINANCIAL ANALYSIS

The following table reflects the condensed Statement of Net Assets at December 31, 2003. Prior year data is not presented in the implementation year, but will be included in future years for comparison purposes:

TANGIPAHOA PARISH GOVERNMENT  
CONDENSED STATEMENT OF NET ASSETS  
December 31, 2003

	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
<b>Assets</b>			
Current Assets	\$11,097,479	\$ 392,874	\$11,490,353
Restricted Assets	-	44,055	44,055
Capital Assets	<u>29,100,833</u>	<u>3,618,415</u>	<u>32,719,248</u>
Total Assets	<u>40,198,312</u>	<u>4,055,344</u>	<u>44,253,656</u>

TANGIPAHOA PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2003

TANGIPAHOA PARISH GOVERNMENT CONDENSED STATEMENT OF NET ASSETS (continued)

	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
<b>Liabilities</b>			
Current Liabilities	4,665,577	175,929	4,841,506
Long-Term Liabilities	<u>7,968,986</u>	<u>1,198,442</u>	<u>9,167,428</u>
<b>Total Liabilities</b>	<u>12,634,563</u>	<u>1,374,371</u>	<u>14,008,934</u>
<b>Net Assets</b>			
Invested in Capital Assets Net of Debt	20,904,212	2,405,513	23,309,725
Restricted	126,897	44,055	170,952
Unrestricted	<u>6,532,640</u>	<u>231,405</u>	<u>6,764,045</u>
<b>Total Net Assets</b>	<u>\$27,563,749</u>	<u>\$2,680,973</u>	<u>\$30,244,722</u>

For more detailed information see Exhibit A-1, the Statement of Net Assets.

The table below provides a summary of the changes in net assets for the year ended December 31, 2003. Prior year data is not presented in the implementation year but will be included in future years for comparison purposes:

TANGIPAHOA PARISH GOVERNMENT  
CONDENSED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Year Ended December 31, 2003

	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
<b>Revenues:</b>			
Program Revenues	\$ 8,359,102	\$ 609,338	\$ 8,968,440
General Revenues	<u>17,899,742</u>	<u>754</u>	<u>17,900,496</u>
<b>Total Revenues</b>	26,258,844	610,092	26,868,936
<b>Expenses</b>	<u>23,601,417</u>	<u>687,729</u>	<u>24,289,146</u>
<b>Increase (Decrease ) in Net Assets</b>			
Before Transfers	2,657,427	(77,637)	2,579,790
Transfers	<u>(755,095)</u>	<u>755,095</u>	<u>-</u>
<b>Increase in Net Assets</b>	1,902,332	677,458	2,579,790
<b>Net Assets, January 1</b>	<u>25,661,417</u>	<u>2,003,515</u>	<u>27,664,932</u>
<b>Net Assets, December 31</b>	<u>\$27,563,749</u>	<u>\$2,680,973</u>	<u>\$30,244,722</u>

For more detailed information see Exhibit A-2, the Statement of Activities.



TANGIPAHOA PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2003

**THE PARISH AS A WHOLE**

Since this is the first year to report all activities on the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current and prior-year assets, liabilities, and changes in net assets. The Parish's combined net assets changed from a year ago, increasing from approximately \$27.7 million to \$30.2 million.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Parish's revenues from both sales tax and property tax continue to grow. However, that growth, which has been driven by both economic expansion and an increase in population, has also increased the demand for existing services as well as the implementation of new services. The Parish will continue using "pay as you go"; which is a fiscally responsible practice of budgeting based only upon existing revenues with no borrowing against anticipated revenues. The business-type activities rates are being monitored to reflect any increases or decreases in operating expenses/costs.

**CONTACTING THE PARISH**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Parish's finances and to show the Parish's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jeff McKneely, Assistant Director of Finance at (985) 748-3211 or Tangipahoa Parish Government, P.O. Box 215, Amite, LA 70422.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF NET ASSETS  
December 31, 2003

	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 3,387,855	\$ 317,043	\$ 3,704,898
Receivables	6,915,749	75,831	6,991,580
Due from other governments	793,875	-	793,875
Restricted assets-cash	-	44,055	44,055
Capital assets (net)	29,100,833	3,618,415	32,719,248
<b>Total Assets</b>	<b><u>40,198,312</u></b>	<b><u>4,055,344</u></b>	<b><u>44,253,656</u></b>
<b>Liabilities</b>			
Cash overdraft	942,399	68,734	1,011,133
Accounts, salaries, and other payables	3,307,516	92,735	3,400,251
Due to other governments	31,115	-	31,115
Unearned revenue	156,912	-	156,912
Noncurrent liabilities:			
Due within one year	227,635	14,460	242,095
Due in more than one year	7,968,986	1,198,442	9,167,428
<b>Total Liabilities</b>	<b><u>12,634,563</u></b>	<b><u>1,374,371</u></b>	<b><u>14,008,934</u></b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	20,904,212	2,405,513	23,309,725
Restricted for:			
Capital projects	19,404	-	19,404
Debt service	107,493	22,131	129,624
Other purposes	-	21,924	21,924
Unrestricted	6,532,640	231,405	6,764,045
<b>Total Net Assets</b>	<b><u>\$ 27,563,749</u></b>	<b><u>\$ 2,680,973</u></b>	<b><u>\$ 30,244,722</u></b>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2003

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General government	\$ 4,138,616	\$ 1,696,708	\$ 147,251	\$ -
Public safety	4,157,894	227,323	303,693	197,401
Public works	12,995,431	1,762,913	750,427	2,449,927
Health and welfare	2,268,057	59,140	764,319	-
Interest on long-term debt	41,419	-	-	-
<b>Total Governmental Activities</b>	<u>23,601,417</u>	<u>3,746,084</u>	<u>1,965,690</u>	<u>2,647,328</u>
<b>Business-type Activity:</b>				
Sewer	687,729	569,338	-	40,000
<b>Total Business-type Activity</b>	<u>687,729</u>	<u>569,338</u>	<u>-</u>	<u>40,000</u>
<b>Total</b>	<u>24,289,146</u>	<u>4,315,422</u>	<u>1,965,690</u>	<u>2,687,328</u>

General Revenues:

Sales taxes  
Ad valorem taxes  
Franchise taxes  
Severance taxes  
Alcoholic beverage taxes  
Occupational licenses  
Investment earnings  
Gain (loss) on sale of capital assets  
Transfers  
Total general revenues and transfers

Change in Net Assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of this statement

<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
\$ (2,294,657)	\$ -	\$ (2,294,657)
(3,429,477)	-	(3,429,477)
(8,032,164)	-	(8,032,164)
(1,444,598)	-	(1,444,598)
(41,419)	-	(41,419)
<u>(15,242,315)</u>	<u>-</u>	<u>(15,242,315)</u>
-	(78,391)	(78,391)
-	(78,391)	(78,391)
<u>(15,242,315)</u>	<u>(78,391)</u>	<u>(15,320,706)</u>
11,378,231	-	11,378,231
5,408,333	-	5,408,333
390,773	-	390,773
279,752	-	279,752
36,358	-	36,358
376,069	-	376,069
89,952	754	90,706
(59,726)	-	(59,726)
(755,095)	755,095	-
<u>17,144,647</u>	<u>755,849</u>	<u>17,900,496</u>
1,902,332	677,458	2,579,790
<u>25,661,417</u>	<u>2,003,515</u>	<u>27,664,932</u>
<u>\$ 27,563,749</u>	<u>\$ 2,680,973</u>	<u>\$ 30,244,722</u>

TANGIPAHOA PARISH GOVERNMENT  
 Amite, Louisiana  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 December 31, 2003

	<u>General Fund</u>	<u>Road and Bridge Funds</u>	<u>Garbage District No. 1</u>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ -	\$ 2,406,022	\$ 38,246
Receivables	1,142,698	681,096	1,784,730
Due from other governments	238,895	172,237	-
Due from other funds	58,377	-	24,243
<b>Total Assets</b>	<b><u>\$ 1,439,970</u></b>	<b><u>\$ 3,259,355</u></b>	<b><u>\$ 1,847,219</u></b>
<b><u>Liabilities</u></b>			
Cash overdraft	\$ 734,497	\$ -	\$ -
Accounts, salaries, and other payables	239,929	528,495	134,433
Due to other governments	22,621	-	-
Due to other funds	30,815	32,803	8,324
Unearned revenue	-	135,000	-
<b>Total Liabilities</b>	<b><u>1,027,862</u></b>	<b><u>696,298</u></b>	<b><u>142,757</u></b>
<b><u>Fund Balances</u></b>			
Unreserved, designated	200,000	-	-
Unreserved, reported in:			
General fund	212,108	-	-
Capital project funds	-	-	-
Debt service funds	-	-	-
Special revenue funds	-	2,563,057	1,704,462
<b>Total Fund Balances</b>	<b><u>412,108</u></b>	<b><u>2,563,057</u></b>	<b><u>1,704,462</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,439,970</u></b>	<b><u>\$ 3,259,355</u></b>	<b><u>\$ 1,847,219</u></b>

The accompanying notes are an integral part of this statement.

<u>Health Unit</u>	<u>Rural Fire Protection District No. 2</u>	<u>Florida Parishes Arena</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 590,831	\$ 6,258	\$ 198	\$ 291,843	\$ 3,333,398
1,082,763	2,044,276	-	180,186	6,915,749
-	-	303,512	79,231	793,875
-	-	-	13,952	96,572
<u>\$ 1,673,594</u>	<u>\$ 2,050,534</u>	<u>\$ 303,710</u>	<u>\$ 565,212</u>	<u>\$ 11,139,594</u>
\$ -	\$ 149,636	\$ -	\$ 58,266	\$ 942,399
65,552	1,817,757	303,512	186,984	3,276,662
-	-	-	8,494	31,115
4,632	4,445	-	34,704	115,723
-	21,912	-	-	156,912
<u>70,184</u>	<u>1,993,750</u>	<u>303,512</u>	<u>288,448</u>	<u>4,522,811</u>
-	56,784	-	-	256,784
-	-	-	-	212,108
-	-	198	19,206	19,404
-	-	-	107,493	107,493
1,603,410	-	-	150,065	6,020,994
<u>1,603,410</u>	<u>56,784</u>	<u>198</u>	<u>276,764</u>	<u>6,616,783</u>
<u>\$ 1,673,594</u>	<u>\$ 2,050,534</u>	<u>\$ 303,710</u>	<u>\$ 565,212</u>	<u>\$ 11,139,594</u>



TANGIPAHOA PARISH GOVERNMENT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
For the Year Ended December 31, 2003

EXHIBIT A-4

Fund balances - total governmental funds	\$ 6,616,783
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	29,072,325
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(8,196,621)
The internal service fund is used by management to charge administration costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	<u>71,262</u>
Net assets of governmental activities	<u>\$ 27,563,749</u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2003

	<u>General Fund</u>	<u>Road and Bridge Funds</u>	<u>Garbage District No. 1</u>
<b>Revenues</b>			
<b>Taxes:</b>			
Sales	\$ 2,843,529	\$ 8,534,702	\$ -
Ad valorem	559,041	-	1,055,400
Franchise	390,773	-	-
Licenses, permits, and rent	849,401	-	-
<b>Intergovernmental revenues:</b>			
<b>Federal funds:</b>			
Federal grants	212,401	-	-
<b>State funds:</b>			
Parish transportation funds	-	746,345	-
State revenue sharing	74,018	-	202,444
Severance tax	279,752	-	-
State appropriations	97,251	-	-
State grants	52,574	110,329	-
Alcoholic beverage tax	36,358	-	-
Fees, charges, and commissions for service	56,406	-	1,287,405
Fines and forfeitures	38	-	-
Interest	8,780	35,292	12,096
Other revenues	868,827	-	132,959
<b>Total Revenues</b>	<b>6,329,149</b>	<b>9,426,668</b>	<b>2,690,304</b>
<b>Expenditures</b>			
<b>General government:</b>			
Legislative	412,328	-	-
Judicial	2,020,263	-	-
Elections	150,957	-	-
Finance and administrative	586,946	-	-
Public safety	1,594,287	-	-
Public works	926,630	9,540,149	2,793,111
Health and welfare	310,559	-	-
<b>Debt service:</b>			
Principal	-	-	112,049
Interest and agent fees	-	-	3,150
<b>Total Expenditures</b>	<b>6,001,970</b>	<b>9,540,149</b>	<b>2,908,310</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>327,179</b>	<b>(113,481)</b>	<b>(218,006)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from bond sales	-	-	-
Sale of fixed assets	2,492	-	145,000
Operating transfers in	-	-	39,841
Operating transfers out	(280,841)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(278,349)</b>	<b>-</b>	<b>184,841</b>
<b>Net Change in Fund Balances</b>	<b>48,830</b>	<b>(113,481)</b>	<b>(33,165)</b>
<b>Fund Balances - Beginning, restated</b>	<b>363,278</b>	<b>2,676,538</b>	<b>1,737,627</b>
<b>Fund Balances at End of Year</b>	<b>\$ 412,108</b>	<b>\$ 2,563,057</b>	<b>\$ 1,704,462</b>

The accompanying notes are an integral part of this statement.

<u>Health Unit</u>	<u>Rural Fire Protection District No. 2</u>	<u>Florida Parishes Arena</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 11,378,231
1,029,176	1,853,146	-	158,054	4,654,817
-	-	-	-	390,773
1,800	-	-	275,000	1,126,201
-	-	-	980,800	1,193,201
-	-	-	-	746,345
110,989	366,065	-	-	753,516
-	-	-	-	279,752
-	7,857	2,233,446	-	2,338,554
-	132,934	-	39,082	334,919
-	-	-	-	36,358
-	-	-	216,897	1,560,708
-	-	-	423,519	423,557
13,835	9,898	-	5,549	85,450
-	8,400	-	1,500	1,011,686
<u>1,155,800</u>	<u>2,378,300</u>	<u>2,233,446</u>	<u>2,100,401</u>	<u>26,314,068</u>
-	-	-	-	412,328
-	-	-	590,102	2,610,365
-	-	-	-	150,957
-	-	-	4,904	591,850
-	2,623,741	-	393,824	4,611,852
-	-	2,273,248	828,593	16,361,731
1,060,902	-	-	791,473	2,162,934
-	-	-	45,000	157,049
-	-	-	38,269	41,419
<u>1,060,902</u>	<u>2,623,741</u>	<u>2,273,248</u>	<u>2,692,165</u>	<u>27,100,485</u>
<u>94,898</u>	<u>(245,441)</u>	<u>(39,802)</u>	<u>(591,764)</u>	<u>(786,417)</u>
-	468,000	-	-	468,000
-	-	-	-	147,492
-	-	40,000	257,762	337,603
-	(222,559)	-	(56,762)	(560,162)
-	245,441	40,000	201,000	392,933
94,898	-	198	(390,764)	(393,484)
<u>1,508,512</u>	<u>56,784</u>	<u>-</u>	<u>667,528</u>	<u>7,010,267</u>
<u>\$ 1,603,410</u>	<u>\$ 56,784</u>	<u>\$ 198</u>	<u>\$ 276,764</u>	<u>\$ 6,616,783</u>

TANGIPAHOA PARISH GOVERNMENT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended December 31, 2003

EXHIBIT A-6

Net change in fund balances - total governmental funds \$ (393,484)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 6,702,461

In the statement of activities, only the loss on the buyback of equipment is reported, whereas in the governmental funds, the proceeds from the buyback increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the equipment bought back. (207,218)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments. (187,416)

Transfers of nonfinancial resources (such as a capital asset) from a governmental fund to an enterprise fund are not recorded by the governmental fund, but are presented as a transfer in the statement of activities. This is the amount of the transfer of capital assets by the governmental fund to the enterprise fund. (755,095)

Internal service funds are used by management to charge the costs of certain activities, such as accounting services, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (11,916)

Municipal Solid Waste Landfill closure and postclosure care cost liabilities are not recorded by the governmental fund, but must be recorded as a general long-term liability in the governmental activities in the government-wide financial statements. This is the amount of the increase of the closure and postclosure care cost liability over the prior year. (3,245,000)

Change in net assets of governmental activities \$ 1,902,332

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
 Amite, Louisiana  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 December 31, 2003

EXHIBIT A-7

	<u>Business-type Activities- Sewerage District No. 1</u>	<u>Governmental Activities- Internal Service</u>
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 317,043	\$ 54,457
Receivables (net of allowance for uncollectibles)	75,831	-
Due from other funds	-	19,151
Restricted assets	44,055	-
<b>Total Current Assets</b>	<b><u>436,929</u></b>	<b><u>73,608</u></b>
<b><u>Non-Current Assets</u></b>		
Capital assets (net of accumulated depreciation)	<u>3,618,415</u>	<u>28,508</u>
<b>Total Non-Current Assets</b>	<b><u>3,618,415</u></b>	<b><u>28,508</u></b>
<b>Total Assets</b>	<b><u>4,055,344</u></b>	<b><u>102,116</u></b>
<b><u>Liabilities</u></b>		
<b><u>Current Liabilities</u></b>		
Cash overdraft	68,734	-
Accounts, salaries, and other payables	92,735	30,854
Revenue bonds payable	14,460	-
<b>Total Current Liabilities</b>	<b><u>175,929</u></b>	<b><u>30,854</u></b>
<b><u>Non-Current Liabilities</u></b>		
Revenue bonds	<u>1,198,442</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>1,374,371</u></b>	<b><u>30,854</u></b>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	2,405,513	28,508
Restricted for debt service	22,131	-
Restricted for other purposes	21,924	-
Unrestricted	<u>231,405</u>	<u>42,754</u>
<b>Total Net Assets</b>	<b><u>\$ 2,680,973</u></b>	<b><u>\$ 71,262</u></b>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
 Amite, Louisiana  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2003

EXHIBIT A-8

	<u>Business-type Activities- Sewerage District No. 1</u>	<u>Governmental Activities- Internal Service</u>
<u>Operating Revenues</u>		
Charges for services	\$ 569,338	\$ 630,148
 Total Operating Revenues	 <u>569,338</u>	 <u>630,148</u>
 <u>Operating Expenses</u>		
Personnel services	169,206	553,514
Materials and supplies	48,010	40,113
Professional services	62,267	15,102
Repairs and maintainance	179,955	6,177
Other expenses	50,602	17,421
Bad debt expense	11,139	-
Depreciation	123,682	14,239
 Total Operating Expenses	 <u>644,861</u>	 <u>646,566</u>
 Net Operating Income (Loss)	 <u>(75,523)</u>	 <u>(16,418)</u>
 <u>Non-operating Revenues (Expenses)</u>		
Interest income	754	4,502
Interest expense	(42,868)	-
 Total Non-operating Revenues (Expenses)	 <u>(42,114)</u>	 <u>4,502</u>
 Income (Loss) before Contributions	 (117,637)	 (11,916)
 Capital Contributions	 <u>795,095</u>	 <u>-</u>
 Change in Net Assets	 677,458	 (11,916)
 Total Net Assets - Beginning, as restated	 <u>2,003,515</u>	 <u>83,178</u>
 Total Net Assets - Ending	 <u>\$ 2,680,973</u>	 <u>\$ 71,262</u>

The accompanying notes are an integral part of this statement.



TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2003

	<u>Business-type Activities- Sewerage District No. 1</u>	<u>Governmental Activities- Internal Service</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Receipts from customers and users	\$ 559,617	\$ 631,377
Payments to suppliers	(367,849)	(82,947)
Payments to employees	(167,549)	(550,138)
Net Cash Provided (Used) by Operating Activities	<u>24,219</u>	<u>(1,708)</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Proceeds from capital debt	481,301	-
Purchases of capital assets	(74,314)	(4,094)
Acquisition and construction of capital assets	(279,819)	-
Principal paid on capital debt	(9,625)	-
Interest paid on capital debt	(41,446)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>76,097</u>	<u>(4,094)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest received	752	4,500
Net Cash Provided by Investing Activities	<u>752</u>	<u>4,500</u>
Net Increase (Decrease) in Cash and Cash Equivalents	101,068	(1,302)
Cash and Cash Equivalents, Beginning of Year	<u>191,296</u>	<u>55,759</u>
Cash and Cash Equivalents, End of Year	<u>\$ 292,364</u>	<u>\$ 54,457</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u></b>		
Operating Income (Loss)	\$ (75,523)	\$ (16,418)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities-		
Cash flows reported in other categories-		
Depreciation expense	123,682	14,239
Bad debt provision	11,139	-
Decrease (Increase) in assets-		
Accounts receivable	(9,721)	-
Due from other funds	20,322	9,682
Increase (Decrease) in liabilities-		
Accounts payable	(30,680)	(758)
Due to other funds	(15,000)	(8,453)
Total Adjustments	<u>99,742</u>	<u>14,710</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 24,219</u>	<u>\$ (1,708)</u>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana  
STATEMENT OF FIDUCIARY NET ASSETS  
PAYROLL LIABILITY FUND  
December 31, 2003

EXHIBIT A-10

Assets

Cash and cash equivalents	\$ 154,522
Receivables	3,473
Due from other governments	<u>56,582</u>
Total Assets	<u>\$ 214,577</u>

Liabilities

Accounts payable	<u>\$ 214,577</u>
Total Liabilities	<u>\$ 214,577</u>

The accompanying notes are an integral part of this statement.

**TANGIPAHOA PARISH GOVERNMENT**  
**Amite, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2003**

**INTRODUCTION**

Tangipahoa Parish Government (parish) is the governing authority for the Parish of Tangipahoa, 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 2004.

Louisiana Revised Statute 33:1236 gives Tangipahoa Parish Government various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those is 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, permits and fees, and state and federal grants.

Tangipahoa Parish occupies approximately 818 square miles with a population of approximately 100,588. The parish government maintains approximately 1200 miles of roads, 700 miles of which are paved and 500 of which are gravel. Parish government offices are located in the courthouse annex in Amite, Louisiana, with road maintenance facilities located at 2 locations within the parish.

In June 1999 the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

- *For the first time the financial statements include:*
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the parish's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the parish's activities, including current year infrastructure (roads and bridges)
  - a change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including these notes to financial statements). The parish was required to implement the general provisions of Statement No. 34 in the current year and plans to retroactively report infrastructure (assets acquired prior to January 1, 2003) as required by the fiscal year ending December 31, 2007.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, Tangipahoa Parish Government is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) the primary government (Tangipahoa Parish Government), (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.

Tangipahoa Parish Government  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2003

GASB Statement No. 14 established criteria for determining which component units should be considered part of Tangipahoa Parish Government 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. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of Tangipahoa Parish Government 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 Tangipahoa Parish Government.
2. Organizations for which Tangipahoa Parish Government does not appoint a voting majority but are fiscally dependent on Tangipahoa Parish Government.
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, Tangipahoa Parish Government has determined that the following component units are part of the reporting entity:

Component Unit	Fiscal Year End	Criteria Used
Tangipahoa Communication District Number 1	12/31	1
Gravity Drainage District Number 1	12/31	1
Gravity Drainage District Number 4	12/31	1
Gravity Drainage District Number 5	12/31	1
Construction Board of Adjustments and Appeals	12/31	1
Fire Protection District Number 1	12/31	1
Hospital Service District Number 1	06/30	1
Hospital Service District Number 2	12/31	1
Industrial Development District Number 1	12/31	1
Industrial Development District Number 2	12/31	1
Mosquito Abatement District No. 1 of the Parish of Tangipahoa	12/31	1
Tangipahoa Voluntary Council on Aging	12/31	1
Hammond Area Recreation District Number 1	12/31	1
Ponchatoula Area Recreation District Number 1	12/31	1
Recreation District Number 3	12/31	1
Recreation District Number 5	12/31	1
Recreation District Number 6	12/31	1
Recreation District Number 39A	12/31	1
Tangipahoa Parish Convention and Visitors Bureau	12/31	1
Tangipahoa Parish Library Board of Control	12/31	1
Tangipahoa Parish Planning Commission	12/31	1
Tangipahoa Animal Control Advisory Board	12/31	1
Kentwood Area Recreation District	12/31	1
Loranger Recreation District Number 104	12/31	1
Tangipahoa Water District	12/31	1
Tangipahoa Multi-Purpose Agriculture Facility Advisory Board	12/31	1
Mid Parish Little League Baseball Association	12/31	1

The component units listed above are not included in the accompanying financial statements.

Tangipahoa Parish Government, as the reporting entity, has chosen to issue financial statements of the primary government (Tangipahoa Parish Government) only, except for the inclusion of the Twenty-first Judicial District Criminal Court Fund, Tangipahoa Parish Rural Fire Protection District No. 2, Sewerage District No. 1 of the Parish of Tangipahoa, the Industrial Development Board of the Parish of Tangipahoa, Inc., and East Florida Parishes Retirement Committee, whose accounting records are maintained by the Tangipahoa Parish Government and are considered part of the primary government.

Considered in the determination of component units of the reporting entity were the Tangipahoa Parish School Board, Tax Assessor, Clerk of Court, and Sheriff; and the District Attorney for the 21st Judicial District, and the various municipalities in the parish. It was determined that these governmental entities are not component units of Tangipahoa Parish Government reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of Tangipahoa Parish Government.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.



Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The parish reports the following major governmental funds:

The General Fund is the parish's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**SPECIAL REVENUE 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 75% of the sales tax revenues and appropriations from the State of Louisiana Parish Transportation Fund.

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

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.

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.

**CAPITAL PROJECT FUND:**

The Florida Parishes Arena Fund accounts for the planning and construction of a multipurpose agricultural facility in Amite, Louisiana. The major source of revenue is a state capital outlay appropriation.

The parish reports the following major proprietary fund:

Sewerage District No. 1 of Tangipahoa Parish, State of Louisiana (District) was established by the parish governing authority under provisions of Louisiana Revised Statute 33:3881. The District is governed by a Board of Commissioners consisting of five members appointed by the Tangipahoa Parish Council. The District is responsible for the construction, maintenance, and operation of the sewer and sewerage disposal works within the territorial limits of the District.

Additionally, the parish reports the following fund type:

Internal service fund accounts for services provided to other departments and agencies of the parish, or to other governments on a reimbursement basis. The internal service fund is the Administrative Fund, established by the parish 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The parish has elected not to follow subsequent private-sector guidance.



As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user fees. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the parish's policy to use restricted resources first, then unrestricted resources as they are needed.

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. BUDGETS**

The parish uses the following budget practices:

1. Preliminary budgets for the ensuing year are prepared by the assistant director of finance during October of each year. During November, the parish 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 parish 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 parish 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 appropriated again in the next year's budget to be expended.
3. The parish 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 parish 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 judgement, 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 2003 was amended several times; the final amended budget of December 22, 2003, is reflected in the accompanying budget comparisons.

**B. EXCESS OF EXPENDITURES/REVENUES OVER/UNDER APPROPRIATIONS**

The following individual funds have budgeted revenues and other sources in excess of actual revenues and other sources for the year ended December 31, 2003:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>%</u>
Capital Projects Fund:				
Fluker Chapel Construction	\$ 40,000	\$ 33,640	\$ 6,360	15.90%
Special Revenue Fund:				
Animal Control Operations	433,848	348,798	85,050	19.60%

The following individual funds have actual expenditures and other uses in excess of budgeted expenditures and other uses for the year ended December 31, 2003:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>%</u>
General Fund	\$6,242,266	\$6,282,811	\$ 40,545	0.65%
Special Revenue Funds:				
Section 8 Voucher	754,761	760,118	5,357	0.71%
Garbage Maintenance	2,832,640	2,908,310	75,670	2.67%
Road Lighting #5	35,330	35,611	281	0.79%
Rural Fire Protection District No. 2	2,453,000	2,623,740	170,740	6.96%
Shelter Grant #584116	8,685	20,499	11,814	136.03%
Shelter Grant #559299	2,700	2,724	24	0.89%
Shelter Grant #570971	4,100	4,110	10	0.25%
Retirement District	5,500	5,515	15	0.27%
Capital Projects Funds:				
Florida Parishes Arena	2,000,000	2,273,248	273,248	13.66%
CIAP Project	70,000	74,288	4,288	6.13%
LCDBG Water - Robert	58,000	58,019	19	0.03%
LCDBG - E Natalbany Sewer	56,000	56,409	409	0.73%

The Local Government Budget Act requires a local government to adopt a budget for the General Fund and all Special Revenue Funds and to amend its operating budget when the total revenue and other sources fail to meet total budgeted revenues and other sources by 5% or more. Also, amendment is required when total expenditures and other uses exceed the total budgeted expenditures and other uses by 5% or more.

**C. FUND DEFICITS**

The following individual funds have a deficit in unreserved fund equity at December 31, 2003:

	<u>Deficit Amount</u>
Special Revenue Fund:	
Criminal Court	\$ 108,954
Capital Projects Funds:	
Fluker Chapel Treatment	350
LCDBG East Natalbany Sewer	215
Velma Fire Station	48
CIAP Project	5,660

\* In 2004, \$60,054 was transferred from the Witness Fees Fund to the Criminal Court Fund in compliance with L.R.S. 15:255(G). This statute requires all surplus monies in the Witness Fees Fund at December 31 of each year to be transmitted to the Criminal Court Fund no later than January 31 of the following year. Surplus monies equal the fund balance at December 31 of each year less an amount equal to that year's expenditures.

The deficit in the CIAP Project (Manchac Community Water Project) will be eliminated through private donations or a transfer from the general fund.

**D. CASH AND CASH EQUIVALENTS**

The parish's cash and cash equivalents are considered to be cash on hand and demand deposits. Amounts in time deposits and those investments with original maturities of 90 days or less are considered to be cash equivalents. State law allows the parish to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**E. RECEIVABLES AND PAYABLES**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal years are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for un-collectables.

**F. INVENTORIES**

Inventories for supplies are immaterial and are recorded as expenditures/expenses when purchased.

**G. PREPAID ITEMS**

Purchase of items regarded as having a future economical use are immaterial and are expensed when purchased.

**H. RESTRICTED ASSETS**

Certain resources set aside for the repayment of Sewerage District's No. 1's revenue bonds and certain contingencies are classified as restricted assets on the accompanying financial statements because their use is limited by applicable bond covenants.

**I. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The parish maintains a threshold level of \$500 or more for capitalizing capital assets.

Infrastructure assets acquired prior to January 1, 2003, were not capitalized. The parish has elected to delay the retroactive recognition of these costs until a later date because of the complexity of estimating the historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads and bridges	20 Years
Land improvements	10 Years
Buildings and building improvements	40 Years
Furniture and fixtures	5 Years
Vehicles	5 Years
Equipment	10-15 Years

**J. COMPENSATED ABSENCES**

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

Parish government 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 entire compensated absence is reported on the government-wide and the governmental fund financial statements.

#### **K. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, if any, as well as issuance costs, if any, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize both premiums and discounts, if any, as well as bond issuance costs, if any, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances, if any, are reported as other financing sources while discounts on debt issuances, if any, are reported as other financing uses. Any issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Tangipahoa Parish Government recognizes landfill closure and postclosure costs in accordance with GASB-18. The measurement and recognition for landfill costs are reported in the government-wide financial statements.

#### **L. FUND EQUITY**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### **M. ESTIMATES**

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

#### **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.



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

	Authorized Millage	Levied Millage	Expiration Year
Parishwide Taxes:			
General Fund	5.00	4.59	Continuous
Special Revenue Fund:			
Health Unit Maintenance	4.00	4.00	2006
District Taxes:			
Special Revenue Funds:			
Road Lighting District Number 1	2.00	1.96	2004
Road Lighting District Number 2	16.62	0.10	2006
Road Lighting District Number 3	15.00	15.00	2010
Road Lighting District Number 4	15.00	0.10	2007
Road Lighting District Number 5	15.00	15.00	2010
Garbage District Number 1	10.00	10.00	2012
Fire Protection District Number 2	10.00	9.14	2013
Fire Protection District Number 2	10.00	10.00	2005
Debt Service Funds:			
Road District Number 101	Variable	5.75	2015
Sub-Road District Number 1 of 101	Variable	6.50	2015
General Service Sub-District Number 4A	Variable	5.25	2003
General Service Sub-District Number 5	Variable	0.40	2003
General Service Sub-District Number 8	Variable	0.05	2003

**O. SALES TAXES**

In March 2000, the voters of Tangipahoa Parish approved a renewal of a one per cent parish wide general sales and use tax to be levied for Tangipahoa Parish Government. The proceeds of the tax are dedicated on the basis of 75 per cent for roads and bridge maintenance and improvements and the remaining 25 per cent for general governmental purposes. The tax as renewed in 2000 is effective through December 31, 2005.

**3. CASH AND CASH EQUIVALENTS**

At December 31, 2003, Tangipahoa Parish Government had cash and cash equivalents (book balances) totaling \$2,892,345 (including \$154,522 in the fiduciary fund) as follows:

Cash on hand	\$ 100
Interest-bearing demand deposits	2,738,965
Non interest-bearing demand deposits	<u>153,280</u>
Total	<u>\$2,892,345</u>

The 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, 2003, Tangipahoa Parish Government had \$3,594,083 in deposits (collected bank balances) with a total of \$3,232,050 in interest bearing accounts and \$362,033 in non-interest bearing accounts. The total of \$3,594,083 is secured from risk by \$188,517 of federal deposit insurance and \$3,405,566 of pledged securities held by the custodial bank in the name of the fiscal agent bank (Category 3).



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Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by Tangipahoa Parish Government that the fiscal agent has failed to pay deposited funds upon demand.

**4. RECEIVABLES**

The following is a summary of receivables at December 31, 2003:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Agency Fund</u>
Taxes:							
Ad Valorem	\$ 545,569	\$3,876,930	\$94,273	\$ -	\$4,516,772	\$ -	\$ -
Sales and Use	227,032	681,096	-	-	908,128	-	-
State Revenue Sharing	49,345	452,999	-	-	502,344	-	-
Other	243,389	7,561	-	-	250,950	-	3,473
Accounts	-	613,728	-	-	613,728	75,831	-
Other	<u>77,363</u>	<u>14,974</u>	<u>-</u>	<u>31,490</u>	<u>123,827</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,142,698</u>	<u>\$5,647,288</u>	<u>\$94,273</u>	<u>\$31,490</u>	<u>\$6,915,749</u>	<u>\$75,831</u>	<u>\$3,473</u>

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

The proprietary fund accounts receivable is net of \$12,184 allowance for doubtful accounts.

**5. INTERFUND RECEIVABLES AND PAYABLES/TRANSFERS**

A. Balances due to/from other funds at December 31, 2003, consist of the following:

Due to the General Fund from the Road & Bridge Funds representing grant receipts deposited in wrong fund.	\$ 24,187
Due to the General Fund from the Fluker Chapel capital project fund representing advances for sewer improvements.	33,990
Due to the General Fund from LCDBG funds representing advances to opening checking accounts.	200
Due to the Administrative Fund from other funds representing 2003 administrative fees.	19,151
Due to the Garbage District No. 1 Fund from the Road and Bridge Funds representing equipment rental payments made from wrong fund.	24,243
Due to the General Service District 4A Sinking Funds from the General Service Districts 5 and 8 Sinking Funds representing interest payments.	515
Due to the Animal Shelter Fund from the Administrative Fund representing overcharged 2003 administrative fees.	<u>13,437</u>
	<u>\$115,723</u>

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Summary of balances due from (to) other funds reported in fund financial statements:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Balance Sheet-Governmental Funds	\$ 96,572	\$115,723
Statement of Net Assets-Proprietary Funds	<u>19,151</u>	<u>-</u>
Totals	<u>\$115,723</u>	<u>\$115,723</u>

B. Interfund transfers at December 31, 2003, consist of the following:

From the General Fund to Garbage District No. 1 to purchase garbage carts.	\$ 39,841
From the General Fund to the Animal Shelter Fund to subsidize operations.	201,000
From the General Fund to the Florida Parishes Arena Fund to increase funding for the construction of the arena.	40,000
From the Witness Fee Fund to the 21 <sup>st</sup> Judicial District Criminal Court Fund in accordance with Louisiana Revised Statute 15:255(G).	<u>56,762</u>
Total	<u>\$337,603</u>

**6. CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2003, was as follows:

	<u>BALANCE AT 01-01-03</u>	<u>ADDITIONS</u>	<u>ADJUSTMENTS</u>	<u>DELETIONS</u>	<u>BALANCE AT 12-31-03</u>
Governmental Activities:					
Capital assets not depreciated:					
Land	\$ 2,411,503	\$ 44,538	\$ 113,097	\$ -	\$ 2,569,138
Infrastructure	-	361,361	-	-	361,361
Construction in progress	395,644	2,712,259	-	-	3,107,903
Velma Fire Station	-	19,480	-	-	19,480
Sewer Renovations - Kintally/Creekwood	29,386	-	-	-	29,386
Sewer Systems:					
Booker II Land	23,405	-	-	23,405	-
Booker II Sewer System	731,690	-	-	731,690	-
Manchac Sewer System	-	<u>208,522</u>	-	-	<u>208,522</u>
Total capital assets not depreciated	<u>3,591,628</u>	<u>3,346,160</u>	<u>113,097</u>	<u>755,095</u>	<u>6,295,790</u>
Capital assets depreciated:					
Buildings	18,654,076	-	395,630	-	19,049,706
Infrastructure	-	3,353,228	-	-	3,353,228
Equipment	<u>12,895,991</u>	<u>1,527,033</u>	<u>(483,644)</u>	<u>376,760</u>	<u>13,562,628</u>
Total capital assets depreciated	<u>31,550,067</u>	<u>4,880,261</u>	<u>(88,014)</u>	<u>376,760</u>	<u>35,965,554</u>
Less accumulated depreciation for:					
Buildings	5,725,688	415,015	-	-	6,140,703
Infrastructure	-	167,180	-	-	167,180
Equipment	<u>6,070,261</u>	<u>951,909</u>	-	<u>169,542</u>	<u>6,852,628</u>
Total accumulated depreciation	<u>11,795,949</u>	<u>1,534,104</u>	<u>-</u>	<u>169,542</u>	<u>13,160,511</u>
Total capital assets depreciated, net	<u>19,754,118</u>	<u>3,346,157</u>	<u>(88,014)</u>	<u>207,218</u>	<u>22,805,043</u>
Total governmental activities capital assets, net	<u>\$23,345,746</u>	<u>\$6,692,317</u>	<u>\$ 25,083</u>	<u>\$962,313</u>	<u>\$29,100,833</u>

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A. Capital asset activity for the year ended December 31, 2003 (continued)

	BALANCE AT 01-01-03	ADDITIONS	ADJUSTMENTS	DELETIONS	BALANCE AT 12-31-03
<b>Business-Type Activities:</b>					
<b>Capital assets not depreciated:</b>					
Land	\$ 181,981	\$ 85,605	\$ -	\$ -	\$ 267,586
Country Club Estates-Lift Stations and Water Lines	96,875	-	-	-	96,875
Construction in progress-Sewer Improvements	<u>53,800</u>	<u>344,019</u>	-	-	<u>397,819</u>
Total capital assets not depreciated	<u>332,656</u>	<u>429,624</u>	-	-	<u>762,280</u>
<b>Capital assets depreciated:</b>					
Buildings	2,135	-	-	-	2,135
Sewerage Collection System	2,973,397	766,690	-	-	3,740,087
Machinery and Equipment	<u>154,157</u>	<u>17,114</u>	-	-	<u>171,271</u>
Total capital assets depreciated	<u>3,129,689</u>	<u>783,804</u>	-	-	<u>3,913,493</u>
<b>Less accumulated depreciation for:</b>					
Buildings	305	305	-	-	610
Sewerage Collection System	854,741	102,843	-	-	957,584
Machinery and Equipment	<u>78,630</u>	<u>20,534</u>	-	-	<u>99,164</u>
Total accumulated depreciation	<u>933,676</u>	<u>123,682</u>	-	-	<u>1,057,358</u>
Total capital assets depreciated, net	<u>2,196,013</u>	<u>660,122</u>	-	-	<u>2,856,135</u>
Total business-type activities capital assets, net	<u>\$ 2,528,669</u>	<u>\$1,089,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,618,415</u>

B. Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 368,948
Public safety	376,068
Public works	648,984
Health and welfare	125,865
Capital assets held by internal service funds - charged to general government	<u>14,239</u>
Total depreciation expense - governmental activities	<u>\$1,534,104</u>

Business-type activity:

Sewer	<u>\$123,682</u>
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7. RESTRICTED ASSETS

Restricted assets in the Sewerage District No. 1 at December 31, 2003, consisted of cash reserved for bond requirements totaling \$44,055.

8. COMPENSATED ABSENCES

At December 31, 2003, employees of Tangipahoa Parish Government have accumulated and vested \$296,765 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$68,421 is recorded as an obligation of the General Fund, and \$203,603 is recorded as an obligation of the Special Revenue Funds. The leave liability for employees of the Internal Service Fund and the Sewerage District No. 1, in the amounts of \$19,127 and \$5,614 respectively, are accounted for within these funds.

**9. LEASES**

The parish records items under capital leases as assets and obligations in the accompanying financial statements. Rural Fire Protection District No. 2 has two capital leases in effect for equipment. These leases have an original recorded asset amount of \$188,656. These lease obligations are retired by the Independence Volunteer Fire Department through appropriations from Rural Fire Protection District No. 2. The following is a summary of future minimum lease payments, and the present value of the net minimum lease payments as of December 31, 2003:

Fiscal Year	Rural Fire Protection District No. 2
2004	\$ 21,879
2005	21,880
2006	21,880
2007	21,880
2008	-
Total Future Minimum Lease Payments	<u>87,519</u>
Amount Representing Interest	<u>(10,898)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 76,621</u>

The parish has no material long-term, noncancellable operating lease commitments at December 31, 2003.

**10. LONG-TERM DEBT**

**A. Summary of Changes in Long-Term Debt**

The following is a summary of the long-term obligation transactions for the year ended December 31, 2003:

<u>Governmental Activities:</u>	<u>Balance 01/01/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/03</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$3,625,000	\$ -	\$ 45,000	\$ 580,000	\$ 45,000
Capital Leases - Parish	112,049	-	112,049	-	-
Capital Leases					
- Rural Fire No. 2	96,156	-	19,535	76,621	17,635
Certificates of Indebtedness					
- Rural Fire No. 2	445,000	468,000	104,000	809,000	165,000
Estimated Liability for Landfill Closure/ Postclosure Care Cost	<u>3,486,000</u>	<u>3,245,000</u>	<u>-</u>	<u>6,731,000</u>	<u>-</u>
Total Governmental Activities	<u>\$4,764,205</u>	<u>\$3,713,000</u>	<u>\$280,584</u>	<u>\$8,196,621</u>	<u>\$227,635</u>
<u>Business - Type Activities:</u>					
Revenue Bonds Payable	<u>\$ 741,226</u>	<u>\$ 481,301</u>	<u>\$ 9,625</u>	<u>\$1,212,902</u>	<u>\$ 14,460</u>

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**B. Bonds and Certificates of Indebtedness:**

General obligation bonds are comprised of the following individual issues:

\$350,000 issue of 1996 to open, construct, and improve public roads, highways, and bridges within District No. 101, due in annual installments of \$10,000 to \$30,000 through March 1, 2016, with interest at 5.1 to 10.0 percent. Debt retirement payments are made from the Road District No. 101 Debt Service Fund.	\$280,000
\$350,000 issue of 1996 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 \$10,000 to \$30,000 through March 1, 2016, with interest at 5.1 to 10.0 percent. Debt retirement payments are made from the Sub-Road District No. 1 of Road District No. 101 Debt Service Fund.	285,000
\$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 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.	5,000
\$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 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.	5,000
\$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 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.	<u>5,000</u>
<b>Total General Obligation Bonds</b>	<b><u>\$580,000</u></b>

Revenue bonds payable are comprised of the following individual issues:

**1993 Revenue Bonds:**

\$733,000 utility bonds sold to USDA, Rural Development; dated 03/03/93; due in monthly installments of \$3,900 through 02/03/33; interest at 5.625%.	\$ 670,485
\$67,000 utility bonds sold to USDA, Rural Development; dated 03/03/93; due in monthly installments of \$356 through 02/03/33; interest at 5.625%.	61,116

**2003 Revenue Bonds:**

\$837,000 utility bonds sold to USDA, Rural Development; dated 09/25/03; due in monthly installments of \$3,666 from October 2004 through September 2043; interest at 4.25%.	<u>481,301</u>
<b>Total Revenue Bonds</b>	<b><u>\$1,212,902</u></b>



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Certificates of Indebtedness, all in the name of Rural Fire Protection District No. 2 of Tangipahoa Parish, are comprised of the following individual issues at December 31, 2003:

	<u>Fire Department</u>	<u>Original Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Outstanding</u>
Certificate R-1	Loranger	105,000	11/17/1998	4.8%	09/01/2006	\$ 52,000
Series 2000	8 <sup>th</sup> Ward	107,000	09/20/2000	5.6%	03/01/2006	47,000
Certificate R-5	8 <sup>th</sup> Ward	23,000	09/20/2000	0%	03/01/2005	23,000
Series 2001	Hammond	55,000	05/16/2001	5.5%	03/01/2006	30,000
Series 2001	Hammond	15,000	05/16/2001	0%	03/01/2005	15,000
Series 2001A	Husser	100,000	05/16/2001	5.25%	03/01/2006	53,000
Series 2001A	Husser	26,000	05/16/2001	0%	03/01/2005	26,000
Series 2002	Natalbany	107,000	03/12/2002	4.3%	03/01/2006	77,000
Series 2002	Natalbany	18,000	03/12/2002	0%	03/01/2006	18,000
Series 2003	Independence	72,000	04/30/2003	3.9%	03/01/2011	72,000
Series 2003	Independence	12,000	04/30/2003	0%	03/01/2008	12,000
Series 2003A	Wilmer	157,000	06/16/2003	3.35%	03/01/2013	157,000
Series 2003A	Wilmer	27,000	06/16/2003	0%	03/01/2008	27,000
Series 2003B	Loranger	170,000	11/07/2003	3.75%	03/01/2009	170,000
Series 2003B	Loranger	30,000	11/07/2003	0%	03/01/2008	<u>30,000</u>
<b>Total Certificates of Indebtedness</b>						<b><u>\$809,000</u></b>

General obligation bonds and certificates of indebtedness are payable from an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 36:562, the parish 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, 2003, the statutory limit is \$39,638,542.

**C. Debt Service Requirements to Maturity**

The annual requirements to amortize including principal and interest, are as follows:

**General Obligation Bonds:**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 45,000	\$ 32,474	\$ 77,474
2005	30,000	30,156	60,156
2006	30,000	28,581	58,581
2007	35,000	26,840	61,840
2008	40,000	24,795	64,795
2009-2013	225,000	87,708	312,708
2013-2016	<u>175,000</u>	<u>16,050</u>	<u>191,050</u>
	<b><u>\$580,000</u></b>	<b><u>\$246,604</u></b>	<b><u>\$826,604</u></b>

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Revenue Bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 14,460	\$ 59,568	\$ 74,028
2005	15,631	60,485	76,116
2006	16,463	59,654	76,117
2007	17,341	58,775	76,116
2008	18,265	57,851	76,116
2009	19,240	56,876	76,116
2010-2014	112,780	267,800	380,580
2015-2019	146,436	234,143	380,579
2020-2024	190,317	190,263	380,580
2025-2029	247,572	133,009	380,581
2030-2034	225,950	62,816	288,766
2035-2039	94,716	30,507	125,223
2040-2043	<u>93,731</u>	<u>8,527</u>	<u>102,258</u>
	<u>\$1,212,902</u>	<u>\$1,280,274</u>	<u>\$2,493,176</u>

Certificates of Indebtedness:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$165,000	\$42,393	\$207,393
2005	170,000	17,699	187,699
2006	177,000	11,961	188,961
2007	61,000	7,866	68,866
2008	62,000	6,418	68,418
2009-2013	<u>174,000</u>	<u>12,874</u>	<u>186,874</u>
	<u>\$809,000</u>	<u>\$99,211</u>	<u>\$908,211</u>

**11. REVENUE BOND RESOLUTION COVENANTS**

As of December 31, 2003, the Sewerage District No. 1 of the Parish of Tangipahoa, Louisiana (District), has three USDA Rural Development Revenue Bonds. The three bond issues total \$1,637,000 which consists of two bonds issued on March 3, 1993, for \$733,000 and \$67,000, both issued at an annual interest rate of 5.625% and one bond issued on September 25, 2003, for \$837,000 at an annual rate of 4.25%. A new bond resolution, covering all the bonds, specifies that the bonds shall be secured and payable in principal and interest exclusively by a pledge of the income and revenues derived or to be derived from the operation of the system. Other specific legal requirements and bond restrictions are summarized below:

- a) Provides that all income and revenues derived by the issuer from the operation of the system shall be deposited in a separate and special bank account with the regularly designated fiscal agent bank of the issuer.
- b) The issuer, the Sewerage District No. 1 of the Parish of Tangipahoa, Louisiana, covenants to fix, establish, and maintain such rates and collect such fees, rents, or other charges for the services and facilities of the System, and all parts thereof, and to revise the same from time to time whenever necessary, to pay the reasonable and necessary expenses of operating and maintaining the system in each year, all reserves or sinking funds required, and all other obligations or indebtedness payable out of the revenues of the System, and which will provide revenues in each year, 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 and on any parity bonds issued thereafter.



Tangipahoa Parish Government  
Notes to the Financial Statements  
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For the fiscal year ending December 31, 2003, the bond debt coverage factor indicated net revenues (before interest expense and depreciation) were 123% of the required bond principal and interest payments.

- c) The establishment and maintenance of a "Sewer Bond and Interest Sinking Fund" (the Sinking Fund) sufficient in amount to pay promptly and fully the principal and interest on the bonds.

The actual creation of a sinking fund was not required since the district pays required bond installments directly to Rural Utilities Service on a monthly basis.

- d) The establishment of the "Sewer Revenue Bond Reserve Fund" (the Reserve Fund) by transferring from the Sewer Revenue Fund, the operating account of the district, monthly in advance on or before the 20<sup>th</sup> of each month a sum at least equal to five per cent (5%) of the amount to be paid each month for bond principal and interest payments. The amount to be transferred is \$212.80 per month. Deposit of funds shall continue until such time as there has been accumulated in the Reserve Fund an amount of money equal to the highest combined principal and interest requirements of any succeeding twelve month period or \$51,072. The money in the Reserve Fund is required to be retained solely for the purpose of paying the principal and interest on bonds payable, upon approval by the Rural Utilities Service office, for which there would otherwise be default.

For the fiscal year ending December 31, 2003, the district made the twelve required deposits of \$212.80 per month, for a balance of \$22,131 at December 31, 2003.

- e) The establishment and maintenance of the "Sewer Depreciation and Contingency Fund" (the Contingency Fund) is to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the System, by transferring from the Sewer Revenue Fund, the operating account of the district, monthly in advance on or before the 20<sup>th</sup> of each month the sum of \$203 per month. Money in the Contingency Fund may also be used, upon approval, to pay the principal and interest on any bond for which there is not sufficient money in the Sinking Fund or the Reserve Fund.

For the fiscal year ending December 31, 2003, the district made the twelve required deposits of \$203 per month, for a balance of \$21,924 at fiscal year end.

- f) The district, in the bond resolution dated May 12, 2003, and amended August 18, 2003, also obligated itself to abide by the following covenants:

1. The district will shut off service if the delinquent charge, with interest and penalties accrued thereon, is not paid within thirty days from the date on which such charges become delinquent.
2. A penalty of 10% will be charged on all delinquent accounts, and interest of not less than 5% per annum will be charged on delinquent accounts after 10 days from the date of delinquency.
3. The district will charge a residential rate of \$16.50 per month, and a commercial rate of \$30.00 per month.
4. The district agrees to maintain the System in first class repair and working order and condition.
5. The district will carry full insurance coverage on the System in the manner required by the Government, with a company licensed to do business under the laws of Louisiana.
6. The district will maintain separate and correct records and accounts, and will have the books audited no later than 180 days after the end of the fiscal year.
7. The district will not sell, lease or in any manner dispose of the System or any substantial part thereof, provided the district may dispose of property that in its judgement is worn-out, unserviceable, unsuitable, or unnecessary in the operation of the System.

Tangipahoa Parish Government  
Notes to the Financial Statements  
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8. The district will not, except as provided by this bond resolution, voluntarily create or cause to be created any debt, lien pledge, mortgage, assignment, or any other charges having priority or parity with the liens of the Bonds upon the income and revenues of the System pledged as security thereof.
9. That, to the extent permitted by law, the district will not grant a franchise to any utility for operation within the boundaries of the district.
10. In operation of the System, the district will require all officers and employees in a position of authority or in possession of money derived from operations of the System to be covered by a blanket fidelity bond or faithful performance bond.
11. That the district will take all action necessary to require connection to its sewer system to the extent permitted by law.
12. No free services or facilities will be furnished to any persons et al, or even to the issuer itself.

On October 29, 2001, USDA agreed in writing that as long as the district is not in default in the payment of principal and interest on the bonds that:

- (i) the period within which the District will cause service to be shut off from the date of delinquency is extended from 30 days to 90 days;
- (ii) the penalty on such delinquent charges is reduced from 10% to 5%; and
- (iii) it is not necessary that interest be charged on the delinquent account.

The District has requested written notification from the USDA that this waiver continues to apply.

The loan agreement requires the District to submit annual management reports to Rural Utilities Services (RUS) as follows:

- Form RD 442-2, Statement of Budget, Income, and Equity
- Form RD 442-3, Balance Sheet
- Copy of the rate schedule in effect at the time of submission

These annual management reports for 2003 have not been submitted to RUS as required.

## 12. LANDFILL CLOSURE AND POST-CLOSURE COSTS

State and federal laws and regulations require Tangipahoa Parish Government to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. In addition to operating expenses relating to current activities of the landfill, an expense 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. 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 is \$6,731,000 as of December 31, 2003, which is based on 88 percent usage (filled) of the landfill. The percentage usage reflects an update in the engineering estimate of percentage usage, and the related estimated liability for landfill closure and postclosure costs required by the Louisiana Department of Environmental Quality (LDEQ) regulations for postclosure care of solid waste facilities. It is estimated that \$755,000 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 (February 2004). The estimated total current cost of the landfill closure and postclosure care costs of \$6,731,000 is based on the amount that would be paid (with year 2003 dollars) if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2003. 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. In addition, total closure and postclosure costs, as well as estimates of percentage usage of the landfill, will change as any additional cells are permitted to accept additional waste.

Tangipahoa Parish Government anticipates that the liability for closure and postclosure cost will be funded on a "pay-as-you-go basis", if allowed. The management of Tangipahoa Parish Government understands that it satisfies the Local Government financial test due to the fact that its Moody's current bond rating is Baa, which is investment grade.

### 13. PENSION PLAN

Substantially all employees of the Tangipahoa Parish Government 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 B, with separate assets and benefit provisions. All employees of Tangipahoa Parish Government 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 enrolled as of January 1, 1997, are eligible to participate in the System. As of January 1, 1997, elected officials, excepting coroners and justices of the peace, may no longer join the retirement 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 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 includes 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 (225) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and Tangipahoa Parish Government is required to contribute at an actuarially determined rate. The current rate is 7.75 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 Tangipahoa Parish Government 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 Government's contributions to the System under Plan A for the years ending December 31, 2003, 2002, and 2001 were \$449,937, \$409,601, and \$384,043 respectively, equal to the required contributions for each year.

Part-time employees of the parish are members of the social security system. In addition to employee payroll deductions, parish funds are remitted to match the employee contributions. Aggregate contributions to the social security system for the year ended December 31, 2003, were \$28,228 of which \$14,114 was contributed by the parish.

### 14. DEFERRED COMPENSATION PLAN

Tangipahoa Parish Government offers its employees two deferred compensation plans created in accordance with Internal Revenue Code 457. One plan, with Nationwide Retirement Solutions, Inc. (formerly Public Employees Benefits Service Corporation), is available to all parish employees and permits them to defer a portion of their salaries until future years. No portion of this deferred compensation is paid by the parish. 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 parish employees to defer a portion of their salaries until future years. The parish 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.

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 parish (without being restricted to the provisions of benefits under the plans), subject only to the claims of the parish's general creditors. Participants' rights under the plan are equal to those of general creditors of the parish in an amount equal to the fair market value of the deferred account for each participant. The parish believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the parish has an obligation of due care in selecting the third-party administrator. In the opinion of management, the parish has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

In the Nationwide Retirement Solutions, Inc.'s plan at December 31, 2003, \$28,131 was applicable to the parish. The total of all plan assets as of December 31, 2003, was not available.

Of the \$532,716,004 in the State of Louisiana Deferred Compensation Plan at December 31, 2003, \$1,387,273 was applicable to the parish while the remaining \$531,328,731 represents the assets of the other jurisdictions participating in the plan.

#### **15. OTHER POST EMPLOYMENT BENEFITS**

In accordance with Tangipahoa Parish Ordinance 02-52 adopted by the Parish Council on December 23, 2002, employees who retire from the parish with at least 8 years of service may qualify for participation in the Parish Retirement Group Insurance Plan. The participant must also have been covered under the Employee Group Insurance Plan for at least one-year prior to retirement. A plan participant may only select coverage up to the extent that the participant had coverage under the Employee Group Insurance Plan prior to retirement. The participant may reduce coverage but may not increase coverage.

The parish's portion of the post-retirement benefit is funded on a pay-as-you go basis from the General Fund.

During 2003, the parish did not recognize any expenditures for post-retirement health benefits because no retired employees were eligible.

#### **16. 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. Since the Criminal Court Fund has a deficit fund balance of \$108,954 as of December 31, 2003, no amount is due to the General Fund.

#### **17. LITIGATION AND CLAIMS**

At December 31, 2003, the parish is involved in litigation or is aware of various claims totaling an undetermined amount. Legal counsel for Tangipahoa Parish Government has determined that the losses (if any) cannot be reasonably estimated at this time; accordingly, no liability has been recorded in these financial statements.

The Tangipahoa Parish Clerk of Court has filed suit for a declaratory judgement on the repayment of \$294,393 to Tangipahoa Parish Government in accordance with LRS 13:785. No decision has been reached in this matter, therefore, no receivable has been recorded in these financial statements.

Tangipahoa Parish Government  
 Notes to the Financial Statements  
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Any litigation costs incurred during the year have been recorded as a current-year expenditure in the General Fund.

**18. AMOUNT PAID PARISH PRESIDENT AND COUNCIL/BOARD MEMBERS**

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

Compensation paid to the Parish President and Council members for the year ended December 31, 2003 is as follows:

Gordon Burgess, President	\$ 87,400
Ronald Bankston	14,400
Carlo Bruno	14,400
Guy Buckley, Jr.	14,400
Bobby Cortez	14,400
Debbie Edwards	14,400
Roger Faust	14,400
William Fleet	14,400
Carlos Notariano	14,400
Michael Petitto	14,400
Howard Ridgel	14,400
	<u>\$231,400</u>

Compensation paid to the board members of Sewerage District No. 1 of the Parish of Tangipahoa, Louisiana for the year ended December 31, 2003 is as follows:

James Harper, President	\$ 900
Mark Mobley	900
Mark Perrilloux	840
Louis Ruffino	720
Wesley Ridgdell	900
	<u>\$4,260</u>

Compensation paid to the board members of Tangipahoa Parish Planning Commission for the year ended December 31, 2003 is as follows:

Lucy Bellavia	\$ 720
Charles Bollinger	660
Lamar Fredrick	600
Glen Graf	720
James Harper	120
Brian Mayeaux	720
George Peltier	780
Bubba Perrilloux	540
Jimmy Strickland	660
Sal Tantillo	540
	<u>\$6,060</u>

**19. RESTRICTED ASSETS**

The balance of the restricted asset accounts in the enterprise fund are as follows:

Revenue bonds debt service account	\$22,131
Revenue bonds depreciation and contingency account	<u>21,924</u>
Total restricted assets	<u>\$44,055</u>

**20. RESTATED NET ASSETS**

The beginning unreserved fund balance has been restated to reflect the retroactive recording of the following prior period adjustments to the December 31, 2002, balance:

	Special Revenue Fund
	<u>Section 8 Housing</u>
Unreserved fund balance at December 31, 2002	\$28,794
Decrease in payable to HUD for prior year	<u>438</u>
Unreserved fund balance at December 31, 2002, as restated	<u>\$29,232</u>

The beginning net assets have been restated to reflect the retroactive recording of the following prior period adjustments to the December 31, 2002, balance:

	Sewerage District No. 1
Net assets at December 31, 2002	\$2,000,115
Capitalization of engineering fees	<u>3,400</u>
Unreserved fund balance at December 31, 2002, as restated	<u>\$2,003,515</u>

**21. DESIGNATED FUND BALANCES**

As of December 31, 2003, fund balance of \$200,000 is designated in the general fund in compliance with Ordinance 99-30 establishing a Reserve Fund and \$56,784 is designated in Rural Fire Protection District No. 2 special revenue fund for administrative costs to be retained in the year 2004.

**22. CONTRACT WITH WASTE MANAGEMENT OF LOUISIANA, L.L.C.**

Tangipahoa Parish Government has entered into an agreement with Waste Management of Louisiana, L.L.C. for the collection, transportation, and disposal of residential solid waste from June 1, 1999, through May 31, 2004. Waste Management will pay an initial disposal cost of \$12 per ton. Monthly residential rates are as follows:

Year one	\$10.00
Year two	\$11.50
Year three	\$13.00
Year four	\$13.65
Year five	\$14.33

The initial contract was amended to provide a payment to Waste Management, Inc. of \$5,000 per month in exchange for a \$.50 reduction in the residential rates as stated in the original contract.

**23. RISK MANAGEMENT**

Tangipahoa Parish Government 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 parish attempts to minimize risk from significant losses through the purchase of commercial insurance. However, the parish does not have a general liability policy.



**24. OTHER MATTERS**

**INDUSTRIAL DEVELOPMENT BOARD** In 2002, the parish purchased the Wal Mart Warehouse and Distribution Center land and a portion of the improvements thereon for \$3,995,000; these funds were received by the parish from the Louisiana Division of Administration Facility Planning and Control. The parish then conveyed title to the land and improvements to the Industrial Development Board of the Parish of Tangipahoa, Inc. The Industrial Development Board of the Parish of Tangipahoa, Inc. (Board) is a non-profit corporation formed under the provisions of L.R.S.-51:1151.

The Board issued \$40,000,000 of taxable revenue bonds. These bonds were purchased by Wal-Mart Stores, Inc.

The Board leased the land and improvements to Wal-Mart Stores East, Inc. for lease payments sufficient to pay the principal and interest on the bonds. The lease agreement also provides for the payment of \$550,000 to the Board in the initial year of the lease and a payment of \$275,000 in February of each year thereafter. The lease term is from October 1, 2003 through February 1, 2021. At the end of the lease term, or earlier if Wal-Mart Stores East, Inc. elects, the interest of the Board in the leased facility will be sold to Wal-Mart Stores East, Inc.

The Board also issued \$4,000,000 of taxable revenue bonds to finance the expansion of Elmer Candy Corporation. The Board acquired the expansion and then entered into a lease agreement with Elmer Candy Corporation for lease payments sufficient to pay the principal and interest on the bonds. Under the lease, \$833 is also payable monthly to the Tangipahoa Parish Government. The lease term is from October 1, 2002, through December 1, 2022. Elmer Candy Corporation has the option to purchase the leased facilities upon payment in full of the bonds.

Neither the outstanding bonds payable of \$44,000,000 nor the ownership of the Wal-Mart and Elmer facilities are reflected in the accompanying financial statements.

**25. CHANGE IN AGENCY FUNDS**

A summary of changes in agency fund deposits due others follows:

	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year
Payroll liability fund	<u>\$240,216</u>	<u>\$6,264,667</u>	<u>\$6,290,306</u>	<u>\$214,577</u>

**26. SUBSEQUENT EVENTS**

Landfill cell 11 was granted a permit by Louisiana Department of Environmental Quality in January 2004. Cell 11 expands the volume of the landfill by 275,000 cubic yards.

The Plan A employer rate for the Parochial Employees' Retirement System rose from 7.75% to 11.75% effective January 1, 2004.

A contract was entered into on June 4, 2004, for \$3,639,678 for the Phase XI road overlay project.

On June 1, 2004 the parish purchased a building at 313 East Oak Street, Amite, Louisiana, from the Tangipahoa Parish School Board for \$500,000, in five equal installments of \$100,000 each without interest. The first installment was made upon execution of the act of sale and each subsequent installment will be paid on June 1 of each year for the next four years.

On May 6, 2004, the parish entered into a cooperative endeavor agreement with the City of Hammond for the purchase of a Hazmat truck. The parish agreed to contribute funds of up to \$200,000, with the city to pay the balance of the purchase price. The purchase price is estimated to be \$274,860. The source of the parish's portion of the funding is a grant from the U.S. Department of Homeland Security.

Tangipahoa Parish Government  
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Act No. 612 of the 2003 Louisiana Legislature provided for the creation of a unified criminal court fund for all three parishes in the 21<sup>st</sup> Judicial District. Effective January 1, 2004, the District Attorney's Office began handling the recordkeeping for this fund.

On April 12, 2004, the agreement with Waste Management of Louisiana, L.L.C. was renewed for an additional five years or until May 31, 2009.

**27. COMMITMENTS AND CONTINGENCIES**

The Parish is self insured for unemployment claims. In prior years, the basis for estimating the liability for unpaid claims was .5 percent of salary expense. No unemployment expense was recorded for the year ended December 31, 2003, because the estimated liability is considered adequate for future claims. A liability of \$38,025 is included in accounts payable of the payroll liability fund at December 31, 2003. Unemployment claims of \$15,395 were paid during the year ended December 31, 2003.

The parish has active construction projects as of December 31, 2003. At year end the commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Florida Parishes Arena	\$2,232,599	\$ 394,570
Ponchatoula Library	208,904	76,590
LCDBG Water - Robert	-	627,800
Southwest/Northwest Regional Sewerage Treatment Facility	280,595	906,198
Landfill Administrative Building	<u>177,780</u>	<u>5,720</u>
Total	<u>\$2,899,878</u>	<u>\$2,010,878</u>

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART II)**

Tangipahoa Parish Government  
Amite, Louisiana  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
<b>Taxes:</b>				
Sales	\$ 2,825,000	\$ 2,825,000	\$ 2,843,529	\$ 18,529
Ad valorem	540,000	559,000	559,041	41
Franchise	385,000	400,000	390,773	(9,227)
Licenses, permits, and rent	749,500	768,500	849,401	80,901
<b>Intergovernmental revenues:</b>				
<b>Federal funds:</b>				
Federal grants	30,000	48,000	212,401	164,401
<b>State funds:</b>				
State revenue sharing	75,000	75,000	74,018	(982)
Severance tax	340,000	340,000	279,752	(60,248)
State appropriations	-	-	97,251	97,251
State grants	50,000	50,000	52,574	2,574
Alcoholic beverage tax	40,000	40,000	36,358	(3,642)
<b>Fees, charges, and commissions for services</b>				
	64,000	64,000	56,406	(7,594)
Fines and forfeitures	1,000	1,000	38	(962)
Interest	50,000	15,000	8,780	(6,220)
Other revenues	768,000	994,700	868,827	(125,873)
<b>Total Revenues</b>	<b>5,917,500</b>	<b>6,180,200</b>	<b>6,329,149</b>	<b>148,949</b>
<b>Expenditures</b>				
<b>General government:</b>				
Legislative	313,400	412,400	412,328	72
Judicial	1,886,750	2,033,650	2,020,263	13,387
Elections	173,875	173,650	150,957	22,693
Finance and administrative	584,020	506,520	586,946	(80,426)
Public safety	1,189,241	1,523,601	1,594,287	(70,686)
Public works	1,198,700	1,018,595	926,630	91,965
Health and welfare	313,300	313,850	310,559	3,291
<b>Total Expenditures</b>	<b>5,659,286</b>	<b>5,982,266</b>	<b>6,001,970</b>	<b>(19,704)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>258,214</b>	<b>197,934</b>	<b>327,179</b>	<b>129,245</b>
<b>Other Financing Sources (Uses)</b>				
Sale of fixed assets	-	2,500	2,492	(8)
Operating transfers out	(201,000)	(260,000)	(280,841)	(20,841)
<b>Total Other Financing Sources (Uses)</b>	<b>(201,000)</b>	<b>(257,500)</b>	<b>(278,349)</b>	<b>(20,849)</b>
<b>Net Change in Fund Balance</b>	<b>57,214</b>	<b>(59,566)</b>	<b>48,830</b>	<b>108,396</b>
<b>Fund Balance at Beginning of Year</b>	<b>175,726</b>	<b>213,278</b>	<b>363,278</b>	<b>150,000</b>
<b>Fund Balance at End of Year</b>	<b>\$ 232,940</b>	<b>\$ 153,712</b>	<b>\$ 412,108</b>	<b>\$ 258,396</b>

Tangipahoa Parish Government  
Amite, Louisiana  
BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE FUNDS  
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Sales	\$ 8,475,000	\$ 8,575,000	\$ 8,534,702	\$ (40,298)
Intergovernmental revenues:				
State funds:				
Parish transportation funds	-	-	746,345	746,345
State grants	747,500	747,500	110,329	(637,171)
Interest	40,000	35,000	35,292	292
Other revenues	1,000	1,000	-	(1,000)
Total Revenues	<u>9,263,500</u>	<u>9,358,500</u>	<u>9,426,668</u>	<u>68,168</u>
<u>Expenditures</u>				
Public works	<u>9,356,570</u>	<u>10,997,570</u>	<u>9,540,149</u>	<u>1,457,421</u>
Total Expenditures	<u>9,356,570</u>	<u>10,997,570</u>	<u>9,540,149</u>	<u>1,457,421</u>
Excess of Revenues Over (Under) Expenditures	<u>(93,070)</u>	<u>(1,639,070)</u>	<u>(113,481)</u>	<u>1,525,589</u>
<u>Other Financing Sources</u>				
Sale of fixed assets	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(73,070)	(1,639,070)	(113,481)	1,525,589
Fund Balance at Beginning of Year	<u>2,085,661</u>	<u>2,676,537</u>	<u>2,676,538</u>	<u>1</u>
Fund Balance at End of Year	<u>\$ 2,012,591</u>	<u>\$ 1,037,467</u>	<u>\$ 2,563,057</u>	<u>\$ 1,525,590</u>

Tangipahoa Parish Government  
Amite, Louisiana  
BUDGETARY COMPARISON SCHEDULE  
GARBAGE DISTRICT NO. 1  
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
<b>Taxes:</b>				
Ad valorem	\$ 830,000	\$ 1,050,000	\$ 1,055,400	\$ 5,400
State revenue sharing	220,000	220,000	202,444	(17,556)
State grants	20,000	20,000	-	(20,000)
Fees, charges, and commissions for services	1,146,000	1,146,000	1,287,405	141,405
Interest	20,000	20,000	12,096	(7,904)
Other revenues	1,500	130,000	132,959	2,959
<b>Total Revenues</b>	<b>2,237,500</b>	<b>2,586,000</b>	<b>2,690,304</b>	<b>104,304</b>
<b>Expenditures</b>				
<b>General government:</b>				
Public works	2,565,840	2,832,640	2,793,111	39,529
<b>Debt service:</b>				
Principal	-	-	112,049	(112,049)
Interest and agent fees	-	-	3,150	(3,150)
<b>Total Expenditures</b>	<b>2,565,840</b>	<b>2,832,640</b>	<b>2,908,310</b>	<b>(75,670)</b>
Excess of Revenues Over (Under) Expenditures	(328,340)	(246,640)	(218,006)	28,634
<b>Other Financing Sources</b>				
Sale of fixed assets	31,000	145,000	145,000	-
Operating transfers in	-	60,000	39,841	(20,159)
<b>Total Other Financing Sources</b>	<b>31,000</b>	<b>205,000</b>	<b>184,841</b>	<b>(20,159)</b>
Net Change in Fund Balance	(297,340)	(41,640)	(33,165)	8,475
Fund Balance at Beginning of Year	1,684,397	1,737,624	1,737,627	3
Fund Balance at End of Year	<b>\$ 1,387,057</b>	<b>\$ 1,695,984</b>	<b>\$ 1,704,462</b>	<b>\$ 8,478</b>



Tangipahoa Parish Government  
Amite, Louisiana  
BUDGETARY COMPARISION SCHEDULE  
HEALTH UNIT  
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
<b>Taxes:</b>				
Ad valorem	\$ 980,000	\$ 1,030,000	\$ 1,029,176	\$ (824)
Licenses, permits, and rent	-	-	1,800	1,800
<b>State funds:</b>				
State revenue sharing	100,000	100,000	110,989	10,989
Interest	20,000	10,000	13,835	3,835
<b>Total Revenues</b>	<b>1,100,000</b>	<b>1,140,000</b>	<b>1,155,800</b>	<b>15,800</b>
<b>Expenditures</b>				
Health and welfare	1,113,600	1,205,725	1,060,902	144,823
<b>Total Expenditures</b>	<b>1,113,600</b>	<b>1,205,725</b>	<b>1,060,902</b>	<b>144,823</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(13,600)</b>	<b>(65,725)</b>	<b>94,898</b>	<b>160,623</b>
<b>Net Change in Fund Balance</b>	<b>(13,600)</b>	<b>(65,725)</b>	<b>94,898</b>	<b>160,623</b>
<b>Fund Balance at Beginning of Year</b>	<b>1,462,331</b>	<b>1,508,511</b>	<b>1,508,512</b>	<b>1</b>
<b>Fund Balance at End of Year</b>	<b>\$ 1,448,731</b>	<b>\$ 1,442,786</b>	<b>\$ 1,603,410</b>	<b>\$ 160,624</b>

Tangipahoa Parish Government  
Amite, Louisiana  
BUDGETARY COMPARISON SCHEDULE  
RURAL FIRE PROTECTION DISTRICT NO. 2  
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
<b>Taxes:</b>				
Ad valorem	\$ 1,700,000	\$ 1,800,000	\$ 1,853,146	\$ 53,146
<b>State funds:</b>				
State revenue sharing	360,000	360,000	366,065	6,065
State appropriations	-	-	7,857	7,857
State grants	118,000	212,000	132,934	(79,066)
Interest	13,000	13,000	9,898	(3,102)
Other revenues	8,400	20,400	8,400	(12,000)
<b>Total Revenues</b>	<b>2,199,400</b>	<b>2,405,400</b>	<b>2,378,300</b>	<b>(27,100)</b>
<b>Expenditures</b>				
Public safety	2,199,400	2,453,000	2,623,741	(170,741)
<b>Total Expenditures</b>	<b>2,199,400</b>	<b>2,453,000</b>	<b>2,623,741</b>	<b>(170,741)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(47,600)</b>	<b>(245,441)</b>	<b>(197,841)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from bond sales	-	47,600	468,000	420,400
Operating transfers out	-	-	(222,559)	(222,559)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>47,600</b>	<b>245,441</b>	<b>197,841</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balance at Beginning of Year	52,817	58,544	56,784	(1,760)
<b>Fund Balance at End of Year</b>	<b>\$ 52,817</b>	<b>\$ 58,544</b>	<b>\$ 56,784</b>	<b>\$ (1,760)</b>

**OTHER SUPPLEMENTAL INFORMATION**

TANGIPAHOA PARISH GOVERNMENT  
Amite, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2003

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Direct Loan Program Water and Waste Disposal Systems for Rural Communities	10.760	-	\$ 481,301
U.S. Department of Housing and Urban Development: Direct Program: Section 8 Housing Choice Vouchers	14.871	-	760,118
Passed through Louisiana Division of Administration, Office of Community Development Louisiana Community Development Block Grant	14.228	FY 2002 LCDBG	114,428
Passed through Louisiana Department of Social Services, Office of Community Planning and Development: Emergency Shelter Grant Program	14.231	CFMS#547087	<u>31,356</u>
Total U.S. Department of Housing and Urban Development			<u>905,902</u>
Environmental Protection Agency: Passed through Lake Pontchartrain Basin Foundation Community Sewerage Collection and Treatment System	66.606	XP-986299-01	<u>33,640</u>
U.S. Department of Commerce Direct Program: Coastal Impact Assistance Program	11.419	-	<u>74,288</u>
U.S. Department of Homeland Security Passed through Louisiana Department of Public Safety and Corrections Domestic Preparedness Equipment Grant	16.007	2002-TE-CX-0022	154,536
Passed through Louisiana Military Department Citizens Corps Council	97.053		1,750
Community Emergency Response Team	97.054		6,250
Hazardous Material Emergency Planning	20.703		2,500
EMPG Enhanced Hazmat	97.042		3,250
Supplemental Planning	83.562		6,000
Terrorism Exercise	83.552		6,126
Pre-Disaster Mitigation Program	83.557	PDM-02-105-0001	16,125
State and Local Assistance Program	83.544	Various	<u>15,856</u>
Total U.S. Department of Homeland Security			<u>212,393</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$1,707,524</u></b>

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Tangipahoa Parish Government and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**OTHER INDEPENDENT AUDITOR'S REPORTS AND FINDINGS**



## LEE GRAY

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### INDEPENDENT AUDITOR'S 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 Parish President and Members  
of the Tangipahoa Parish Council  
Amite, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the fiduciary fund, and the aggregate remaining fund information of the Tangipahoa Parish Government, Louisiana (Parish) as of and for the year ended December 31, 2003, which collectively comprise the Parish's basic financial statements, and have issued my report thereon dated June 25, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

#### COMPLIANCE

As part of obtaining reasonable assurance about whether Tangipahoa Parish Government's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion.

The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item numbers 03 -01 and 03 -08.

I also noted certain immaterial instances of noncompliance that I have reported to the management of Tangipahoa Parish Government in a separate letter dated June 25, 2004.

#### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered Tangipahoa Parish Government's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Tangipahoa Parish Government'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 schedule of findings as item numbers 03 -1 through 03 -08.



Tangipahoa Parish Government  
Independent Auditor's Report on Compliance  
and on Internal Control - Concluded

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. My consideration of the *internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.* However, of the reportable conditions described above, I consider item numbers 03 -01 and 03 -02 to be material weaknesses.

I also noted other matters involving the internal control over financial reporting that I have reported to the management of Tangipahoa Parish Government in a separate letter dated June 25, 2004.

This report is intended for the information and use of the governing council, management, the Legislative Auditor, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

June 25, 2004



## LEE GRAY

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

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

#### Compliance

I have audited the compliance of Tangipahoa Parish Government with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. Tangipahoa Parish Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Tangipahoa Parish Government's management. My responsibility is to express an opinion on Tangipahoa Parish Government's compliance based on my audit.

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

In my opinion, Tangipahoa Parish Government complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2003.

#### Internal Control over Compliance

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

Tangipahoa Parish Government  
Independent Auditor's Report on Compliance  
and on Internal Control over Compliance - OMB Circular A-133

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited 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 over compliance and its operation that I consider to be material weaknesses.

*This report is intended for the information and use of the governing body, management, the Legislative Auditor, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.*

  
Certified Public Accountant

June 25, 2004

TANGIPAHOA PARISH GOVERNMENT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended December 31, 2003

<b>SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
02-01 - Ownership of Rural Fire Protection District No. 2 checking accounts.	Resolved
02-02 - Payment of certain invoices without approval.	Resolved
02-03 - No documentation of approval required by engineering contract.	Resolved
02-04 - Lapse of general liability coverage Sewer District No. 1	Resolved
<b>SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
None	
<b>SECTION 3. MANAGEMENT LETTER</b>	
MGNT 02-01 Outstanding checks for Hancock Bank - 21 <sup>st</sup> Judicial District Court Account	Unresolved - see current year finding MGNT 03-01
MGNT 02-02 Donation of Water Well	Unresolved - see current year finding MGNT 03-02
MGNT 02-03 Rural Fire Protection District No. 2 intergovernmental agreement	Unresolved - see current year finding MGNT 03-03
MGNT 02-04 Rural Fire Protection District No. 2 Hazmat checking account.	Resolved
MGNT 02-05 Bidding of garbage carts	Resolved
MGNT 02-06 Section 8 Housing Choice Voucher documentation	Resolved

TANGIPAHOA PARISH GOVERNMENT

Schedule of Current Year Audit Findings  
Year Ended December 31, 2003

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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I have audited the financial statements of Tangipahoa Parish Government (Parish) as of and for the year ended December 31, 2003, and have issued my report thereon dated June 25, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:  
Material weaknesses identified?  X  yes      \_\_\_ no

Reportable conditions identified not considered to be material weaknesses?  X  yes      \_\_\_ none reported

Noncompliance material to financial statements noted?  X  yes      \_\_\_ no

Federal Awards

Internal control over major programs:  
Material weaknesses identified? \_\_\_ yes       X  no

Reportable conditions identified not considered to be material weaknesses? \_\_\_ yes       X  none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133? \_\_\_ yes       X  no

Major programs:

CFDA Number 14.871  
U.S. Department of Housing and Urban Development  
Section 8 Housing Choice Voucher Program

CFDA Number 10.760  
U.S. Department of Agriculture  
Direct Loan Program  
Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

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## SECTION II - FINANCIAL STATEMENT FINDINGS

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This section is used to identify the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements required to be reported under *Government Auditing Standards*.

### Finding No. 03-01

Nearly eighty percent of the landfill accounts receivable was past due (over thirty days) as of December 31, 2003. Of the total landfill accounts receivable balance of \$613,728 at December 31, 2003, \$487,656 was due for a period of over thirty days. Thirty percent of the landfill accounts receivable (\$189,477) was greater than 120 days due as of the end of the year.

Article VII, Section 14 of the Louisiana Constitution prohibits the funds, credit, property, or things of value of any political subdivision from being loaned, pledged, or donated to or for any person, association, or corporation, public or private. By allowing landfill customers to become seriously delinquent on what was owed the landfill, the parish violated this section of the Louisiana Constitution.

The delinquent percentage has improved in 2004; as of June 22, 2004, the aged trial balance indicates twenty-two percent of the total receivables (\$60,166) to be over ninety days due. However, it was noted that maintenance of the accounts receivable subsidiary ledger has been transferred to the landfill staff and the subsidiary ledger is not being reconciled to the general ledger. The accuracy of the current aged accounts receivable trial balance is therefore questionable. It does appear, however, that some customers continue to be allowed to carry receivables past thirty days.

I recommend that the parish monitor the aged trial balance on at least a monthly basis and that past due accounts be placed on a cash basis when payment is not made within thirty days of the statement date.

Also, the Parish must begin reconciling the accounts receivable trial balance prepared at the landfill with the Garbage District No. 1 general ledger accounts receivable balance.

### Finding No. 03-02

Some documents pertaining to four contracts for the construction of the Manchac Community Water Project could not be located. These documents included performance bonds, evidence of workers' compensation insurance coverage, engineer's statements of substantial completion, and clear lien certificates. In one case, the contract itself was unable to be located.

Also, two of the contracts for which clear lien certificates were unavailable included provision for a 10% retainage to be withheld until the clear lien is obtained. These contractors, however, were each paid the full contract amount in a single payment.

Also, the clear lien certificate for a contract for the Manchac Sewerage Project was not available for review by the auditors.

Compliance with the contract terms and conditions could not be completely verified because these documents were lacking.



It is unknown whether these documents were filed at the project engineer's office.

It is recommended that the parish retain all contract documents in a file at the parish office. Final payment on any contract should be delayed until all documents are obtained.

**Finding No. 03-03**

A construction contractor was paid twice for a contract estimate of \$31,492. Evidently the parish was not aware of the duplicate payment until notified by the architect in a letter attached to the request for the final contract payment. This was several months after the duplicate payment had been made.

An equipment company was paid twice for a monthly rental of three JD 250 D compactors in the amount of \$14,974. Tangipahoa Parish Government was not aware of the error until it was noted by the auditors.

It is recommended that the general ledger of all funds be reviewed at least monthly. The \$31,492 overpayment would have been noted upon general ledger review because the duplicate payments were made within the same month. The \$14,974 overpayment was incorrectly coded to telephone expense which should have been questioned upon review of the general ledger; further investigation would have revealed that the monthly rental was paid previously.

It is further recommended that a contract worksheet be maintained by the accounts payable clerk for each parish contract. This worksheet requires the posting of each contract payment and would clearly reveal to the clerk when a duplicate payment is proposed.

**Finding No. 03-04**

The parish is responsible for identifying all federal awards received and expended and the federal programs under which they were received. The parish should also prepare the schedule of expenditures of federal awards.

This information should be given to the auditor for identification of major federal programs.

The parish did not identify all federal awards received and expended and the federal programs under which they were received during the year ended December 31, 2003. In order to identify major federal programs, the auditors were required to locate and identify all federal programs. This proved difficult because the parish did not consistently code federal grant receipts to a federal grant account number. Also, in several instances the parish failed to accrue grant revenue on reimbursable grants when grant expenditures were incurred by the end of the year but the receipt of grant funds was deferred to the following year.

I recommend that the parish assign an accounting staff member the responsibility for maintaining accounting information on all grants. That staff member should be consulted when grant funds are received in order to ensure correct coding to either a federal grant account number or a state grant account number. It would be helpful if grant expenditures were also segregated in the general ledger.

This same staff member should also be responsible for preparing the schedule of expenditures of federal awards.

**Finding No. 03-05**

Sewerage District No. 1 (district) fuels its trucks and equipment with parish fuel. The district is periodically billed by the parish for the cost of this fuel.

It was noted during the audit that the parish has requested reimbursement from the district for fuel through May 2003. Since that time no bill has been sent to the district by the parish.

It is recommended that the parish bill the district monthly for fuel used by the district for its trucks and equipment.

**Finding No. 03-06**

Creekwood and Kintally sewer renovations were completed by the parish in 2002 but have not yet been donated to the Sewerage District No. 1. The Manchac sewerage system was completed by February 10, 2003, but it has not yet been donated to the Sewerage District.

These systems were in use by the Sewerage District No. 1 as of December 31, 2003.

Ownership of these sewer systems must be conveyed to the district in order for the district to record the systems on its books and begin depreciating them.

It is recommended that these systems be conveyed by act of donation from the parish to Sewerage District No. 1.

After ownership is duly conveyed, the systems must be entered into the recordkeeping of Sewerage District No. 1. This is true for systems donated by the parish and also systems donated by other persons, such as subdivision residents. Donated systems are currently not being entered in the recordkeeping of Sewerage District No. 1 until the audit is conducted, therefore understating depreciation expense and capital assets on an interim basis.

Sewerage District No. 1 should notify the parish when a donation from an unrelated third party is received (the parish should already be aware of donations made from the parish to the district). This notification should include date acquired; description and value of property acquired; and estimated life in years. Values should be allocated among land, lift stations, pumps, treatment plants, and sewerage lines.

Any systems donated from the parish to the district should be valued on the district's books at the cost amount carried on the parish's books.

**Finding No. 03-07**

The parish is self-insured for unemployment benefits. Unemployment benefits are therefore directly paid to the Louisiana Department of Labor by the parish.

These unemployment benefits are being paid by the parish to the Louisiana Department of Labor without requesting identification of the claimants.

The parish therefore has no documentation proving that the claimants were, indeed, parish employees nor has the parish requested reimbursement for unemployment benefits paid for non-parish employees (i.e., district court employees who are paid by the parish but whose payroll cost is reimbursed by another governmental entity).

I recommend that claimants be identified prior to the disbursement of parish funds to the Louisiana Department of Labor for unemployment benefits.

**Finding No. 03-08**

The Local Government Budget Act requires a local government to amend its operating budget when total revenues and other sources fail to meet total budgeted revenues and other sources by five percent or more. The Local Government Budget Act also requires a local government to amend its operating budget when total expenditures and other uses exceed budgeted expenditures and other uses by five percent or more.

For the year ended December 31, 2003, unfavorable budget variances of more than five percent were noted in the Animal Control Operations Fund (revenues were over budgeted by 19.6%) and the Fire Protection District No. 2 Fund (expenditures exceeded budgeted by 16.03%). These budgets were not amended by the parish.

It is recommended that the budgets of the general fund and special revenue funds be amended as required by the *Local Government Budget Act*.

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**SECTION III - FEDERAL FINANCIAL ASSISTANCE**

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*This section identifies the reportable conditions, material weaknesses, and instances of noncompliance required to be reported by OMB Circular A-133.*

**None Reported**

TANGIPAOA PARISH GOVERNMENT

MANAGEMENT'S CORRECTIVE ACTION PLAN  
For Current Year Audit Findings for the Year Ended December 31, 2003

<b>SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
<b>Finding Reference No.</b>	<b>Management's Corrective Action Plan</b>
03-01 - Past due landfill receivables	Management will establish a policy for identifying past due receivables in a timely manner.
03-02 - Missing documentation - Manchac Community Water Project	The parish will obtain the missing documentation and retain all future contract documentation.
03-03 - Duplicate payments to vendors	Payments to vendors will be more closely monitored and the parish will begin reviewing the general ledger in the future.
03-04 - No identification of federal awards	The parish will identify all federal grants.
03-05 - Not timely requesting fuel reimbursement	The parish will bill the district monthly for fuel used.
03-06 - Completed sewerage systems not being donated; recordation of donated systems	The finance director will be responsible for the donation of completed sewerage systems and the recording of all donated systems.
03-07 - No detail - unemployment benefit claimants	The parish will identify claimants and request reimbursement from other agencies when applicable.
03-08 - Unfavorable budget variances	The parish will monitor its budget and amend as required by the Local Government Budget Act.

<b>SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<b>Finding Reference No.</b>	<b>Management's Corrective Action Plan</b>
None	

<b>SECTION 3. MANAGEMENT LETTER</b>	
<b>Finding Reference No.</b>	<b>Management's Corrective Action Plan</b>
MGNT 03-01 - Outstanding checks - 21 <sup>st</sup> Judicial District Court account	The parish will consult with the newly elected Tangipahoa Parish Clerk of Court for resolution of the matter.
MGNT 03-02 - Donation of water well	The Act of Donation will be done.
MGNT 03-03 - Rural Fire Protection District No. 2 intergovernmental agreement	Rural Fire Protection District No. 2 will make the payments directly to the City effective with the next quarterly payment.
MGNT 03-04 - Rural Fire Protection District No. 2 funds spent outside the district	Rural Fire Protection District No. 2 will obtain the recommended intergovernmental agreement.
MGNT 03-05 - Employees earning excess leave	Effective July 1, 2004, hours earned will be recorded as 7.5 hours rather than 8 hours.
MGNT 03-06 - Reverse side of cancelled check not imaged	The auditor's recommendation will be followed.
MGNT 03-07 - Bank overdrafts	Administration will review available cash before issuing checks.
MGNT 03-08 - Inventory and tagging	All equipment will be tagged and inventoried.
MGNT 03-09 - Community vehicle usage - IRS wage reporting	The 2004 payroll wage reports will include community vehicle usage for affected employees.
MGNT 03-10 - Minutes of Industrial Development Board - lease payments from Wal-Mart Stores, Inc.	This will be accomplished for 2004.

Date Submitted: 6-30-04

Auditee: Gordon A. Breyer



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June 25, 2004

**MANAGEMENT LETTER**

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

In connection with my audit of the financial statements of Tangipahoa Parish Government as of and for the year ended December 31, 2003, I noted several matters which need to be brought to your attention. These matters represent suggestions for improvements of existing policies and procedures:

**MGNT 03-01 Outstanding checks for 21<sup>st</sup> Judicial District Court account**  
(Repeated from prior year)

There are outstanding checks from as far back as 1992 reflected in the Hancock Bank – 21<sup>st</sup> Judicial District Court account.

Checks outstanding for at least three years should be voided with the resulting voided amounts remitted to the Louisiana Department of Revenue.

**MGNT 03-02 Donation of parish's one-half interest in the Wal-Mart water well**  
(Repeated from prior year)

Construction of a water well for Wal-Mart was completed in April 2001 but has not yet been donated from Tangipahoa Parish Government to the Tangipahoa Water District.

The construction was done under the names of the Tangipahoa Parish Council and the Tangipahoa Water District. According to the Water District's accountant, the well has been added to the property of the Water District, and it therefore has been removed from the general fixed assets of the parish as of 12/31/02.

I recommend the formal donation of the parish's one-half interest in this well to the Tangipahoa Water District.

**MGNT 03-03 Rural Fire Protection District No. 2 (RFPD #2) intergovernmental agreement**  
(Repeated from prior year)

An intergovernmental agreement between RFPD #2, Ponchatoula Volunteer Fire Department, and the City of Ponchatoula (City) requires RFPD #2 to pay \$50,000 annually directly to the City.

Apparently RFPD #2 is remitting the allocation to the Ponchatoula Volunteer Fire Department with the Ponchatoula Volunteer Fire Department making the above agreed-upon payment to the City.

I recommend that the wording of the agreement be changed to reflect that the payment to the City comes from the Ponchatoula Volunteer Fire Department; alternatively, RFPD #2 should make the payments directly to the City as outlined in the agreement.

**MGNT 03-04 RFPD #2 monies spent on improvements located outside the district**

Tangipahoa Parish Rural Fire Protection District No. 2 (RFPD#2) received a state appropriation of \$29,769. This money was used to construct the inside of the Village of Tickfaw fire station.



A discussion as to how the money was to be spent was never brought before the Board of RFPD#2.

Also, the funds should not have been spent within the Village of Tickfaw limits because that area is outside the jurisdiction of RFPD #2.

I recommend that RFPD#2 and the Village of Tickfaw enter into an intergovernmental agreement concerning the use of the fire station improved with RFPD#2 funds. RFPD#2 must have access to the building and residents of RFPD#2 must benefit from the improvements made with RFPD#2 funds.

I further recommend that future decisions regarding the disbursement of state appropriations for RFPD#2 be addressed by the Board of Commissioners at a public meeting.

**MGNT 03-05 Employees earning excess vacation, sick, and holiday leave hours**

It was noted that employees who work 7.5 hours a day are earning vacation and sick leave at the rate of 8 hours per day and are paid 8 hours for a holiday.

The personnel policy is for an employee to earn a certain number of days of vacation leave based on his/her years of continuous service with the parish. Sick leave is earned at the rate of one day for each month of continuous employment until a maximum of 180 days have been accumulated.

I recommend that employees whose normal work day is 7.5 hours daily earn only 7.5 hours a day for vacation and sick leave. Such employees should also only be paid 7.5 hours a day for a holiday.

**MGNT 03-06 Back of cancelled check not being imaged**

Cancelled checks imaged for the "Southwest Hammond Project" bank account include an image of the front of the check only.

I recommend the parish request the bank to include with the monthly bank statements an image of the front and back of all checks.

**MGNT 03-07 Overdrawn bank accounts**

The following funds had overdrawn balances in the pool account as of December 31, 2003:

General Fund	\$ (734,497)
Criminal Court Fund	(56,001)
RFPD#2	(149,636)
Sewer District No. 1	(68,734)
Other	<u>(2,265)</u>
Total	<u><u>\$(1,011,133)</u></u>

Although no actual overdrafts occurred because of excess balances of other funds in the pool account, no fund should be allowed to have a negative cash balance.

I recommend that the parish monitor expenditures of funds to insure adequate cash balances in the pool account for all funds at all times.

**MGNT 03-08 Use of parish vehicle by another governmental entity/inventory and tagging of property**

A dump truck belonging to the parish is being used by Consolidated Gravity Drainage District No. 1 with no intergovernmental agreement between the two entities.

Any use of parish property by another agency should be supported by an intergovernmental agreement.

I recommend the parish and the Consolidated Gravity Drainage District enter into an intergovernmental agreement concerning the use of parish dump trucks.

Also, no inventory of the parish property is being conducted to compare the written inventory with the actual. Tagging should also be accomplished throughout the year rather than at the end of the year.

I also recommend (at least annually) that the parish compare actual capital assets with the capital asset inventory listing. All assets must be tagged when purchased.

**MGNT 03-09 Commuting vehicle usage on employee wage reports**

Employee vehicle usage (commuting) should be treated as compensation to the employee and reported as such on forms 941 and W-2.

**MGNT 03-10 No minutes of meetings for Industrial Development Board –  
Incorrect payee name on Wal-Mart lease payment**

There was no evidence of any meetings being held in 2003 by The Industrial Development Board of the Parish of Tangipahoa, Inc. (IDB)

Therefore, there was no evidence of authorization by the Board of its 2003 disbursements of \$271,552.

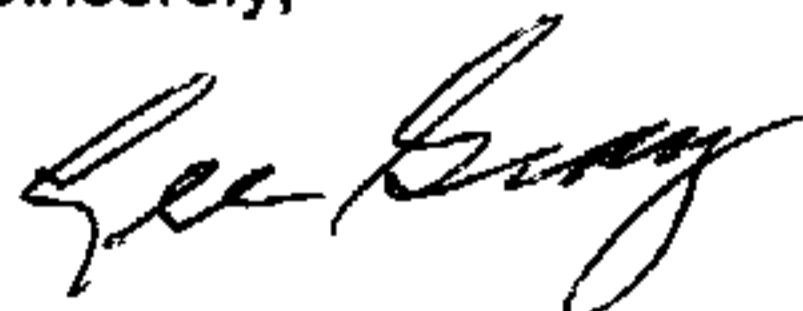
Also, Wal-Mart Stores, Inc. is paying its annual lease payment for property owned by IDB to Tangipahoa Parish Government rather than IDB.

I recommend that IDB take written minutes of any meetings and that meetings be held at least once a year to authorize the spending of the lease proceeds received from Wal-Mart Stores, Inc.

Wal-Mart should be instructed to make its annual lease payment to The Industrial Development Board of the Parish of Tangipahoa, Inc. (the owner of the leased property) rather than to Tangipahoa Parish Government.

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

Sincerely,



Certified Public Accountant