

**TANGIPAOA COMMUNICATIONS DISTRICT**  
**NUMBER ONE**

**DECEMBER 31, 2021**

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2322 Tremont Drive • Baton Rouge, LA 70809  
1254 Del Este Avenue, Suite 1101 • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
650 Poydras Street, Suite 1200 • New Orleans, LA 70130  
Phone: 504.274.0200 • Fax: 504.274.0201  
www.htbcpa.com

## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Commissioners  
Tangipahoa Communications District Number One  
Amite, Louisiana 70422

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tangipahoa Communications District Number One, a component unit of the Tangipahoa Parish Government, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Tangipahoa Communications District Number One's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Tangipahoa Communications District Number One, as of December 31, 2021, and the changes in financial position and the budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tangipahoa Communications District Number One's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tangipahoa Communications District Number One's basic financial statements. The accompanying supplementary information listed as Other Supplementary Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2022, on our consideration of the Tangipahoa Communications District Number One's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tangipahoa Communications District Number One's internal control over financial reporting and compliance.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
September 14, 2022

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2021

### **Introduction**

The Tangipahoa Communications District Number One (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34) as amended, and with current standards as more fully described in the financial statement footnotes as *Note 1. Summary of Significant Accounting Policies*.

The Management's Discussion and Analysis (MD&A) for the District, offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021. This MD&A is designed to provide an objective and easy to read analysis of the District's financial activities based on currently known facts, decisions, or conditions.

The District's MD&A is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements which follow this section.

### **Financial Highlights**

- At December 31, 2021, the District's assets of \$5,074,919 exceeded its liabilities by \$4,978,363 (net position). Of this amount, \$4,543,557 (unrestricted net position) may be used to meet the District's ongoing obligations to its citizens.
- For the year ended December 31, 2021, the District's total net position increased by \$354,641.
- For the year ending December 31, 2021, Communication District Services- charges for services increased to \$2,232,738, representing an increase in the general fund of \$70,580 or 3% from the prior year. General fund intergovernmental revenue increased \$1,096 or 1% and interest income decreased \$17,154 or 55% from the prior year.
- At December 31, 2021, the Communication District Services expenses, excluding capital outlay, increased in the general fund by \$7,546 totaling \$1,888,863 at year-end. Capital outlays increased \$12,158 to \$42,563 at year-end.

### **Overview of the Annual Financial Report**

The financial statement focus is on both the District as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

### **Government-Wide Financial Statements**

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

The Statement of Net Position presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services.

In both of the government-wide financial statements, the District's activities are a single type:

Governmental activities - All of the District's basic services are reported here and are supported primarily by telephone charges and intergovernmental revenue to provide 911 services.

The government-wide financial statements include only the Tangipahoa Communications District Number One (a component unit of the Tangipahoa Parish Government) and can be found on pages 10 and 11.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The District uses a single category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the District's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of 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 District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The fund financial statements begin on page 12 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 13 and 15.

## Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 17.

### Government-Wide Financial Analysis

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position in this report.

#### Condensed Statement of Net Position 2021 and 2020

	Governmental Activities	
	2021	2020
Assets:		
Current and Other Assets	\$ 4,640,113	\$ 4,152,301
Capital Assets	434,806	569,522
Total Assets	<u>5,074,919</u>	<u>4,721,823</u>
Liabilities:		
Long-Term Debt Outstanding	-	-
Other Liabilities	96,556	98,101
Total Liabilities	<u>96,556</u>	<u>98,101</u>
Net Position:		
Investment in Capital Assets	434,806	569,522
Restricted	-	-
Unrestricted	4,543,557	4,054,200
Total Net Position	<u>\$ 4,978,363</u>	<u>\$ 4,623,722</u>

"Current and Other Assets", increased by \$487,812 or 12% primarily related to increases in certificates of deposit held as investments.

"Capital Assets", decreased by \$134,716 or 24% primarily related to depreciation recorded on capital assets of \$176,948, partially offset by purchases of capital assets in the current year of \$42,563. The most significant additions included \$32,247 for completion of a storage building and furniture and equipment of \$10,316 for computers, shelving and other furniture and equipment.

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the District’s activities for the current year as compared to the prior year.

**Condensed Statement of Changes in Net Position**  
**For the years ended December 31, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Variance</u>	
	<u>2021</u>	<u>2020</u>	<u>Dollar</u>	<u>Percentage</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 2,232,738	\$ 2,162,158	\$ 70,580	3%
Operating Grants and Contributions	11,635	10,470	1,165	11%
General Revenues:				
Intergovernmental	162,113	161,017	1,096	1%
Interest Income	13,957	31,111	(17,154)	-55%
Miscellaneous	340	523	(183)	-35%
Total Revenues	<u>2,420,783</u>	<u>2,365,279</u>	<u>55,504</u>	<u>2%</u>
Expenses:				
Communication District Services	2,066,142	2,080,855	(14,713)	-1%
Total Expenses	<u>2,066,142</u>	<u>2,080,855</u>	<u>(14,713)</u>	<u>-1%</u>
Change in Net Position	<u>354,641</u>	<u>284,424</u>	<u>70,217</u>	<u>25%</u>
Net Position, Beginning	4,623,722	4,339,298	284,424	7%
Net Position, Ending	<u>\$ 4,978,363</u>	<u>\$ 4,623,722</u>	<u>\$ 354,641</u>	<u>8%</u>

Total Revenues increased \$55,504. The most significant category of Program Revenues, Charges for Services, increased by 3% or \$70,580 compared to a 4% percent increase of \$88,759 in the prior year. The increase in Program Revenue relates primarily to increase in 911 cellular revenue. Intergovernmental revenue primarily relates to the provision of emergency 911 services to other governmental entities and increased only \$1,096 or 1% in 2021. These increases were partially offset by a decrease of \$16,241 or 8% in general revenues in 2021. General revenues decreased in 2021 primarily related to the decrease in interest.

At December 31, 2021, the District’s program expenses decreased 1% or \$14,718 compared to a less than 1 % increase of \$5,810 in the prior year. Increases in several program expense classes (primarily, employee benefits and utilities) were partially offset by decreases in depreciation expenses and other program expenses in 2021.

“Total Net Position” (total assets less total liabilities) increased by \$354,641 for the fiscal year ending December 31, 2021, reflecting an 8% increase from the prior year. At the end of the current fiscal year, the District was able to report positive balances in all categories of net position, both for the District as a whole, as well as for governmental activities. The same held true for the prior fiscal year.

## **Fund Financial Analysis**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund type – governmental fund.

### **Governmental Funds**

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

At the end of the current year, the District’s sole governmental fund reported an ending fund balance of \$4,536,009. The District recorded an increase of \$510,624 in fund balance. At December 31, 2021, fund balance was as follows: non-spendable \$145,148; committed \$2,500,000; and unassigned \$1,890,861. In a prior fiscal year and remaining for the fiscal year ending December 31, 2021, the Board of Commissioners of the Tangipahoa Communications District Number One had committed a total of \$900,000 for future infrastructure and technology. During the year ending December 31, 2016 and remaining for the fiscal year ending December 31, 2021, the Board of Commissioners committed an additional \$1,000,000 for future infrastructure and technology. During the year ending December 31, 2020 and remaining for the fiscal year ending December 31, 2021, the Board of Commissioners committed an additional \$600,000 for future building expansion.

### **General Fund Budgetary Highlights**

Tangipahoa Communications District Number One adopts an annual operating budget in accordance with the requirements of the Local Government Budget Act. As required by state law, actual revenues and other sources were within five percent of budgeted revenues and actual expenditures did not exceed budgeted expenditures by five percent. The budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operation of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual reports. There was no budget amendment for the year ending December 31, 2021. The analysis of budget variances refers to Schedule 1 included as Required Supplementary Information, following the notes to the financial statements.

The general fund did not have actual revenues and other sources under budgeted revenues and other sources or actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent that would result in a violation of the Local Government Budget Act for the year ended December 31, 2021.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The District’s net investment in capital assets for its governmental activities as of December 31, 2021 amounts to \$434,806 (net of depreciation) reflecting a decrease of \$134,716 from the prior year. “Capital Assets”, decreased by approximately \$135,000 primarily related the depreciation recorded on capital assets of \$176,948, partially offset by purchases of capital assets in the current year of \$42,563. The most significant additions included \$32,247 for completion of a storage building and furniture and equipment of \$10,316 for computers, shelving and other furniture and equipment. Current year disposals included disposal of a storage building with a net book value of \$331 at disposal.

The following table provides a summary of the District’s capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 6 to the financial statements in this report.

**Capital Assets (Net of Depreciation)  
2021 and 2020**

<b>Capital Assets</b>	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Construction in Progress	\$ -	\$ 13,567
Furniture and Equipment	2,317,457	2,307,141
Vehicles	106,174	106,174
Leasehold Improvements	85,816	45,948
Maps	66,413	66,413
Subtotal Capital Assets	2,575,860	2,539,243
Less: Accumulated Depreciation	<u>(2,141,054)</u>	<u>(1,969,721)</u>
<b>Capital Assets, Net</b>	<u>\$ 434,806</u>	<u>\$ 569,522</u>

**Other Factors Affecting the District**

The Tangipahoa Communications District Number One’s management approach is conservative. When possible, the Board attempts to provide mandated services while consistently showing a budget surplus. The funds committed to the development of a new “911” communication facility were accumulated since the origination of the District and demonstrate a long-term commitment to serving users and providing quality services.

**Contacting the District’s Financial Management**

This financial report is designed to provide the District’s citizens and taxpayers with a general overview of the District’s finances and show the District’s accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Tangipahoa Communications District Number One at Post Office Box 505, Amite, Louisiana 70422, telephone (985) 747-0911.

**BASIC FINANCIAL STATEMENTS**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Statement A**

**TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE**

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2021

	<u>Primary Government Governmental Activities</u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 3,153,533
Investments	-
Receivables, Net:	
Intergovernmental	44,999
Telephone Charges Receivable	296,333
Prepaid Expenses	145,148
Other	100
Total Current Assets	<u>3,640,113</u>
Noncurrent Assets:	
Investments	1,000,000
Total Noncurrent Assets	<u>1,000,000</u>
Capital Assets:	
Construction in Progress	-
Capital Assets, Net of Depreciation	434,806
Total Capital Assets	<u>434,806</u>
<b>Total Assets</b>	<u>5,074,919</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	4,054
Other Accrued Payables	92,502
Total Current Liabilities	<u>96,556</u>
<b>Total Liabilities</b>	<u>96,556</u>
<b>Net Position</b>	
Investment in Capital Assets	434,806
Restricted for:	
Capital Projects and Debt Service	-
Unrestricted	4,543,557
<b>Total Net Position</b>	<u>\$ 4,978,363</u>

The accompanying notes are an integral part of this statement.

## TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

		<u>Program Revenues</u>			<u>Net (Expenses)</u>	<u>Revenues and</u>	<u>Changes in Net</u>	<u>Position of Primary</u>	<u>Government</u>
	<u>Expenses</u>	<u>Charges</u>	<u>Operating</u>	<u>Net</u>	<u>(Expenses)</u>	<u>Governmental</u>	<u>Governmental</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>for</u>	<u>Grants &amp;</u>	<u>Revenues</u>		<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
		<u>Services</u>	<u>Contributions</u>						
<b>Governmental Activities</b>									
Communication District Services	\$ 2,066,142	\$ 2,232,738	\$ 11,635	\$ 178,231	\$ 178,231				
<b>Total Governmental Activities</b>	<u>2,066,142</u>	<u>2,232,738</u>	<u>11,635</u>	<u>178,231</u>	<u>178,231</u>				
<b>General Revenues:</b>									
Intergovernmental									162,113
Interest Income									13,957
Miscellaneous									340
<b>Total General Revenues</b>									<u>176,410</u>
<b>Change in Net Position</b>									<u>354,641</u>
<b>Net Position - Beginning</b>									<u>4,623,722</u>
<b>Net Position - Ending</b>									<u>\$ 4,978,363</u>

The accompanying notes are an integral part of this statement.

**BASIC FINANCIAL STATEMENTS**  
**FUND FINANCIAL STATEMENTS**

**Statement C**

**TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE**

BALANCE SHEET, GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2021

	<b>General Fund</b>
<b>Assets</b>	
Cash and Equivalents	\$ 3,153,533
Receivables, Net:	
Intergovernmental	44,999
Telephone Charges Receivables	296,333
Prepaid Expenses	145,148
Other	100
Investments	1,000,000
<b>Total Assets</b>	<b>\$ 4,640,113</b>
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	
Liabilities:	
Accounts Payable	\$ 4,054
Other Accrued Payables	92,502
Total Liabilities	96,556
Deferred Inflows of Resources:	
Telephone Charges - Unavailable	-
Intergovernmental - Unavailable	7,548
Total Deferred Inflows of Resources	7,548
Fund Balances:	
Nonspendable	145,148
Restricted	-
Committed	2,500,000
Assigned	-
Unassigned	1,890,861
Total Fund Balances	4,536,009
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,640,113</b>

The accompanying notes are an integral part of this statement.

## TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2021

<b>Fund Balances, Total Governmental Funds (Statement C)</b>	\$	4,536,009
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds. These assets consist of:

Governmental capital assets, net of accumulated depreciation		434,806
--	--	---------

Telephone charges and intergovernmental revenue amounts collected after year-end, but not within 60 days are not available soon enough to pay for current expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds

Deferred Inflows of Resources - Telephone Charges		-
Deferred Inflows of Resources - Intergovernmental		7,548

<b>Net Position, Governmental Activities (Statement A)</b>	\$	<u>4,978,363</u>
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The accompanying notes are an integral part of this statement.

## TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>
<b>Revenues</b>	
Charges for Services - Telephone	\$ 2,237,934
Intergovernmental - Other	179,670
Intergovernmental - Federal Grants	10,149
Interest	13,957
Miscellaneous	340
<b>Total Revenues</b>	<u>2,442,050</u>
<b>Expenditures</b>	
Communication District Services	
Salaries	1,070,095
Benefits	287,876
Payroll Taxes	82,118
Insurance	36,607
Other operating	30,960
Professional Fees	10,100
Rent - Equipment and Line	179,785
Repairs and Maintenance	101,973
Supplies	5,262
Telephone	8,869
Utilities	62,585
Vehicle Expenses	12,633
Capital Outlays	42,563
<b>Total Expenditures</b>	<u>1,931,426</u>
<b>Excess of Revenues Over Expenditures</b>	<u>510,624</u>
<b>Other Financing Sources (Uses)</b>	
Proceeds from the Disposition of Fixed Assets	-
Transfers to Other Governments	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>510,624</u>
<b>Fund Balance, Beginning</b>	<u>4,025,385</u>
<b>Fund Balance, Ending</b>	<u><u>\$ 4,536,009</u></u>

The accompanying notes are an integral part of this statement.

## TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE

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, 2021

**Net Change in Fund Balances, Governmental Funds (Statement E)** \$ 510,624

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 these assets are 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.

Expenditures for capital assets	\$ 42,563	
Less:		
Current year depreciation	(176,948)	(134,385)

When recognizing the disposition of capital assets, the governmental funds report the proceeds for the sale. However, only the gain or loss is reported on the government-wide statement of activities. These differences consist of :

Gain (loss) on disposition of assets	\$ (331)	
Less: Proceeds from the sale of assets	-	(331)

Some revenues in the statement of activities do not provide current financial resources and are not reported as revenue in the governmental funds:

Change in deferred inflow of resources for revenue collected after year end, but not available soon enough to pay current year expenditures.		(21,267)
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**Change in Net Position, Governmental Activities (Statement B)** \$ 354,641

The accompanying notes are an integral part of this statement.

## TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Charges for Services - Telephone	\$ 2,085,000	\$ 2,085,000	\$ 2,237,934	\$ 152,934
Intergovernmental - Other	160,060	160,060	179,670	19,610
Intergovernmental - Federal Grants	-	-	10,149	10,149
Interest	15,000	15,000	13,957	(1,043)
Miscellaneous	500	500	340	(160)
<b>Total Revenues</b>	<u>2,260,560</u>	<u>2,260,560</u>	<u>2,442,050</u>	<u>181,490</u>
<b>Expenditures:</b>				
Communication District Services:				
Salaries	1,175,000	1,175,000	1,070,095	104,905
Benefits	300,000	300,000	287,876	12,124
Payroll Taxes	100,000	100,000	82,118	17,882
Insurance	41,000	41,000	36,607	4,393
Other Operating	67,715	67,715	30,960	36,755
Professional Fees	15,000	15,000	10,100	4,900
Rent	185,845	185,845	179,785	6,060
Repairs and Maintenance	124,000	124,000	101,973	22,027
Supplies	17,000	17,000	5,262	11,738
Telephone	9,000	9,000	8,869	131
Utilities	60,000	60,000	62,585	(2,585)
Vehicle Expenses	16,000	16,000	12,633	3,367
Capital Outlays	150,000	150,000	42,563	107,437
<b>Total Expenditures</b>	<u>2,260,560</u>	<u>2,260,560</u>	<u>1,931,426</u>	<u>329,134</u>
<b>Excess Revenues (Expenditures)</b>	<u>-</u>	<u>-</u>	<u>510,624</u>	<u>510,624</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Disposition of Fixed Assets	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>510,624</u>	<u>510,624</u>
<b>Fund Balances, Beginning</b>	<u>3,195,090</u>	<u>3,195,090</u>	<u>4,025,385</u>	<u>830,295</u>
<b>Fund Balances, Ending</b>	<u>\$ 3,195,090</u>	<u>\$ 3,195,090</u>	<u>\$ 4,536,009</u>	<u>\$ 1,340,919</u>

The accompanying notes are an integral part of this statement.

**BASIC FINANCIAL STATEMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**

# TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### **Introduction**

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

- The Parish governing authority
- The Tangipahoa Parish Sheriff's Office
- The Parish hospitals
- The Municipal Law Enforcement Agencies
- The Rural Fire Protection Districts
- The City Fire Protection Districts
- The Ambulance Services

On November 6, 1990, the voters of the District approved a levy not to exceed 5% of the tariff rate for local telephone service supplied within the District necessary to implement and maintain Emergency 911 (E911) services to citizens of Tangipahoa Parish. During the year ending December 31, 2017, the District's Board voted to increase rates effective April 1, 2017 to cover the increase in costs of operating the 9-1-1 system (Business lines were \$1.63/month, raised to \$2.50/month, with a maximum of 100 lines per business location; residential lines were \$0.61 per line per month, raised to \$1.25 per month). The new rates are less than 5% of the tariff rate.

Additionally, pursuant to Act 1029 of the Regular Session of the 1999 Legislature, the District is authorized to establish an emergency telephone service charge of \$0.85 per wireless user/per month for users of CMRS (Commercial Mobile Radio Service) who can access the 911 telephone system. The purpose of the Act is to provide a funding mechanism to cover the costs of implementing enhancements to the emergency 911 telephone system for cellular and other wireless telephone users as provided by the Federal Communication Commission in Matter #94-102. Phase I of the FCC Matter requires the implementation of necessary enhancements that will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the communication district (911 communications center) when such a caller accesses the 911 system. Phase II requires the implementation of necessary enhancements that will provide the location within a certain area of the wireless caller. Proceeds from the monies collected pursuant to Act 1029 will be used first for payment of wireless service suppliers' and the District's costs associated with the implementation of enhancements required in Phase I, allowing the District to receive the telephone number of the device accessing the 911 system. As delineated within the Act, each district shall enter a cooperative endeavor agreement with each wireless service supplier to implement the enhancements required by FCC Matter 94-102. The District has completed Phase I and Phase II of implementation. The District notified each service supplier by certified letter that the Board of Commissioners, by resolution, had levied the emergency telephone service charge. As of December 31, 2021, four providers have executed the required cooperative agreements. The service suppliers have been remitting

# TANGIPAOHA COMMUNICATIONS DISTRICT NUMBER ONE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

the wireless service charges collected from the wireless CMRS, but service charges have not been paid to service suppliers that have not executed a cooperative agreement, since no district shall make payment of a service suppliers' costs associated with the implementation of Phase I enhancements required by such an order unless there is a cooperative endeavor agreement between the district and supplier. Act 665 of the Regular Session of the 2016 Legislature amended the prior Act to include Interconnected Voice over Internet Protocol (VoIP) and to increase the maximum rate to one dollar and twenty five cents (\$1.25) per month per wireless commercial radio service (CMRS) connection or the rate which the district levies or is authorized to levy on CMRS users on August 1, 2016, whichever is higher. During the year ending December 31, 2017, the District's Board voted to increase the CMRS charge to \$1.25 per CMRS user/month effective April 1, 2017 to cover the increase in costs of operating the 9-1-1 system.

Act 51 of the Regular Session of the 2009 Legislature imposed a fee on prepaid wireless services that have the ability to access 9-1-1 services. The fee of 2% of the amount of the retail transaction was effective on January 1, 2010. The fee is remitted to the state and distributed to the communications districts. ACT 590 of the Regular Session of the 2016 Legislature amended Act 531 to increase the fee to 4% of the amount of the retail transaction. The district began receiving the increased fees for the quarter ending June 30, 2017.

As of December 31, 2021, the Communication District has twenty-one full-time employees, and two part-time employees and one employee in training.

GASB Statement No. 14, as amended, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a component unit of the Tangipahoa Parish Government. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within those financial statements or separately reported as a discrete component unit. Under provisions of this statement, there are no component units of the District.

### **1. Summary of Significant Accounting Policies -**

#### **A. Basis of Presentation**

The accompanying basic financial statements of the Tangipahoa Communication District Number One have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), and a statement of activities. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements, some of which are included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, that requires capital contributions to the District to be presented as a change in net position.

# TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net position by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Note I – Net Position and Fund Balance*.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

At December 31, 2021, the District has deferred inflows of resource recorded in the general fund of \$7,548 related to intergovernmental revenue not collected within the period of availability. The District does not have any deferred outflows of resources at December 31, 2021.

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all nonfiduciary activities of the District. 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. Likewise, a primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District does not have any business-type activities and reports only governmental activities. The District has only one fund and as such, there is no interfund activity. The District has no component units

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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. Other items not properly included among program revenues are reported instead as general revenues.

# TANGIPAOHA COMMUNICATIONS DISTRICT NUMBER ONE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Separate financial statements are provided for governmental funds and proprietary funds. All individual funds are reported in separate columns in the fund financial statements. The District only reports a single fund for the year ending December 31, 2021: a governmental fund: the General Fund.

### **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. 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. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, when applicable, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

User charges for telephone service, intergovernmental 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or is considered available for this revenue source. Substantially all other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental fund:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund (none in the current year).

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) program specific operating grants and contributions, and 3) program specific capital grants and contributions, including special assessments. The primary source of program revenues are telephone user charges to support "911" communication services. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, if any.

### **D. Cash, Cash Equivalents and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law limits the District to deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or national banks having principal offices in Louisiana.

**TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

In accordance with state law, the District limits its investments to those allowed under R.S. 33:2955. Certificates of deposit are classified as investments if their original maturities exceed 90 days. Investments are reported at fair value, except nonparticipating investment contracts which are reported at cost.

**E. Receivables and Revenue**

Telephone service fees are recorded in the year the fees are charged. Telephone service fees are charged monthly to the customer's telephone bill by various telephone companies. The telephone companies remit the collections to the District in the subsequent month or quarter. Receivables are shown net of any allowance for uncollectible.

**F. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. The District did not have any inventory at December 31, 2021. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**G. Capital Assets**

Capital assets, which include machinery, equipment, vehicles and facility improvements, are reported in the governmental activities column 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 District maintains a threshold level of \$500 or more for capitalizing capital assets.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Leasehold Improvements	7 - 20 Years
Furniture and Equipment	5 - 12 Years
Vehicles	5 - 7 Years
Maps	10 Years

**TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

**H. Compensated Absences**

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

All full-time employees are entitled to annual vacation leave as follows:

	<b>Minimum Years of Service Completed</b>			
	1	2	5	10+
Vacation Leave - Hours Earned per Year	40	80	120	160

Vacation leave is accrued during the year through the anniversary date. As standard procedure of the District, vacation leave isn't to be carried forward and should be taken in the anniversary year following when it was accrued. Additionally, vacation can be paid out upon termination.

Employees earn four hours of sick leave per pay period worked until a maximum of 1,440 hours have been accumulated. As standard procedure of the District, sick leave may be earned after ninety days of employment. Sick leave is not paid to the employee under any circumstances.

The cost of leave privileges is computed in accordance with GASB Codification Section C60. Sick leave is recognized as current year expenditure in the governmental fund when leave is taken. Accordingly, no liability has been accrued for unused sick leave.

**I. Net Position and Fund Balance**

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net position into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position.** The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount. The District does not have any capital related debt or capital related deferred inflows of resources, and as such, the component is *investment in capital assets* in the current year.
- **Restricted Component of Net Position.** The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

# TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

- **Unrestricted Component of Net Position.** The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The District adopted GASB 54 for the year ended December 31, 2011. As such, fund balances of governmental funds are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision making authority for the District.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed or assigned for those purposes.

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

When restricted, committed, assigned, or unassigned fund balances are available for use, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

### **J. Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

# TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

### **K. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the district, which are either unusual in nature or infrequent in occurrence.

### **L. Estimates**

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

### **M. Reconciliations of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

## **2. Stewardship, Compliance and Accountability -**

The District prepares its budget on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The budget is legally adopted and amended, as necessary, by the board of commissioners. The annual budget was not amended for the fiscal year 2021. A summary of the budget practices of the District is as follows:

1. The District's treasurer prepares the annual budget and submits the proposed budget to the Board of Commissioners no later than fifteen days prior to the beginning of the next fiscal year. The budget for the fiscal year 2021 was presented to the Board of Commissioners on October 22, 2020.
2. A summary of the proposed budget is published in the official journal and the public is notified that the proposed budget is available for inspection. At the time the proposed budget is published, a public hearing is also scheduled. The proposed budget was published on November 25, 2020.
3. A public hearing, at least ten days subsequent to publishing the notice, is held on the proposed budget. The public hearing date was December 10, 2020.
4. After holding the public hearing and taking all action necessary to finalize and implement the budget for the ensuing year, the proposed budget is formally adopted by the Board of Commissioners. The proposed budget was adopted by the Board of Commissioners on December 10, 2020.
5. Amendments to the budget follow the same procedures as adopting the original budget. There were no amendments to the 2021 budget.

TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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

Actual revenues exceeded budgeted revenues and actual expenditures were below budgeted expenditures for the fiscal year ended December 31, 2021. The general fund did not have actual revenues and other sources under budgeted revenues and other sources or actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent that would result in a violation of the Local Government Budget Act for the year ended December 31, 2021.

**3. Cash and Cash Equivalents -**

At December 31, 2021, the District has cash and cash equivalents (book balances) as follows:

Interest-bearing Demand Deposits	\$ 618,889
Louisiana Asset Management Pool Funds (LAMP)	<u>2,534,644</u>
Total Cash and Cash Equivalents	<u>3,153,533</u>
Certificates of Deposit Held as Investments (See Note 4)	<u>1,000,000</u>
Total Deposits	<u><u>\$ 4,153,533</u></u>

The demand deposits and certificates of deposit are stated at cost, which approximates market. The deposits in LAMP are stated at fair value. 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. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk as it relates to cash deposits is the risk that in the event of bank failure, the government's deposits may not be returned. The District does not have a formal policy for custodial credit risk. At December 31, 2021, the District has \$1,620,798 (collected bank balances) other than Lamp, consisting of \$620,798 in interest-bearing demand deposits and four certificates of deposit with three financial institutions totaling \$1,000,000, all held as investments. The demand deposits are each secured from risk by \$250,000 of federal deposit insurance and the remaining demand deposits of \$370,798 are secured from risk by pledged Letters of Credit. The certificates of deposit are each secured from risk by \$250,000 of federal deposit insurance and the remaining certificates of deposit of \$250,000 are secured from risk by pledged Letters of Credit.

**4. Investments -**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name

## TANGIPAOHA COMMUNICATIONS DISTRICT NUMBER ONE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

The District's investments are carried at fair value, except nonparticipating investment contracts which are reported at cost.

*Interest Rate Risk:* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

The only investments held by the District at December 31, 2021 are certificates of deposit held as investments as noted in Note 3 and deposits in LAMP carried as cash and cash equivalents as noted in Note 3. The District reports its investments in LAMP (See Note 3) as cash due to the highly liquid nature of these deposits.

LAMP is administered by LAMP, Inc., a non-profit organized under the laws of the State of Louisiana. Only local government entities contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statement 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

1. Credit risk: LAMP is rated AAAM by Standards and Poor's.
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: LAMP is designed to be highly liquid to give participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 45 days (from LAMP's monthly Portfolio Holding) as of December 31, 2021.
5. Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

**TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact LAMP administrative offices at 800-249-5267.

**5. Receivables -**

The District had only one major class of receivables at December 31, 2021, totaling \$296,333, consisting of telephone charges due from cellular and land line providers. A total of \$21,868 was also recorded at December 31, 2021 as due from local fire departments and \$23,131 due from other governments. All receivable amounts are current.

**6. Capital Assets -**

Capital assets and depreciation activity as of and for the year ended December 31, 2021 for governmental activities is as follows:

<b>Governmental Activities Capital Assets:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 13,567	\$ -	\$ (13,567)	\$ -
Total Capital Assets Not Being Depreciated	<u>13,567</u>	<u>-</u>	<u>(13,567)</u>	<u>-</u>
Capital Assets Being Depreciated:				
Furniture and Equipment	2,307,141	10,316	-	2,317,457
Vehicles	106,174	-	-	106,174
Leasehold Improvements	45,948	45,814	(5,946)	85,816
Maps	66,413	-	-	66,413
Total Capital Assets Being Depreciated	<u>2,525,676</u>	<u>56,130</u>	<u>(5,946)</u>	<u>2,575,860</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	1,798,798	163,246	-	1,962,044
Vehicles	85,747	9,610	-	95,357
Leasehold Improvements	19,099	3,757	(5,615)	17,241
Maps	66,077	335	-	66,412
Total Accumulated Depreciation	<u>1,969,721</u>	<u>176,948</u>	<u>(5,615)</u>	<u>2,141,054</u>
Total Capital Assets Being Depreciated, Net	<u>555,955</u>	<u>(120,818)</u>	<u>(331)</u>	<u>434,806</u>
<b>Total Governmental Activities Capital Assets, Net</b>	<b>\$ <u>569,522</u></b>	<b>\$ <u>(120,818)</u></b>	<b>\$ <u>(13,898)</u></b>	<b>\$ <u>434,806</u></b>

Depreciation was charged to governmental functions as follows:

Communication District Services	\$ <u>176,948</u>
---------------------------------	-------------------

During the fiscal year ended December 31, 2021, the District incurred costs of \$32,247 for completion of a storage building which was in progress at the end of 2020 as well as furniture and equipment of \$10,316 for computers, shelving and other furniture and equipment.

**7. Deferred Compensation and Pension Plan -**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457, the Tangi 911 Center 457(b) Plan. This plan, available to all full-time District employees, after

**TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

ninety days of full employment, permits them to defer a portion of their salaries until future years. No portion of this deferred compensation is paid by the District.

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are the sole ownership of the participants. Employee Contributions for the year ending December 31, 2021 were \$52,820. The District has no financial or fiscal responsibility to the deferred compensation plan.

In conjunction with the deferred compensation plan, the District offers its employees a match under a defined contribution plan created in accordance with Internal Revenue Code 401, the Tangi 911 Center 401(a) Plan (the “plan”). The plan, available to all full-time employees after 90 days of full-time employment electing to participate in the 457 deferred compensation plan, receive a match of their elected deferral of up to seven percent of their salary. The plan does not accept rollover contributions. Employees are fifty percent vested in the plan after one year and one hundred percent vested after two years. Regardless of vesting schedule, employees are immediately vested upon death, total and permanent disability, or normal age retirement of 65. Benefits forfeited may be used to satisfy required contributions or to pay plan expenses for the plan year in which the forfeiture occurs. The District may make amendments to the plan by approval of the Board and execution of amendment in writing subject to limitations in the plan document. The District’s contributions to the plan and recorded pension expense for the year ending December 31, 2021 were \$48,807. There was no liability outstanding at year end 2021. There are no forfeitures reflected in pension expense for the year ending December 31, 2021.

**8. Compensated Absences -**

At December 31, 2021, employees of the District have accumulated and vested \$43,746 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The total amount of accrued vacation leave is recorded as an obligation of the general fund. Although vacation leave cannot be carried forward, as matter of District standard procedures a liability for vacation leave is recorded since leave is accrued on an annual basis based on the date the employee was hired and the amount accrued is expected to be paid from expendable current financial resources.

**9. Accounts, Salaries, and Other Payables -**

The Governmental Fund payables at December 31, 2021 are as follows:

<b>Governmental Funds Payable</b>	<b>General Fund</b>
Accounts	\$ 4,054
Other	
Accrued Payroll	42,866
Accrued Vacation	43,746
Other	5,890
<b>Total Governmental Funds Payable</b>	<b>\$ 96,556</b>

## TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

#### **10. Intergovernmental Agreements -**

On June 25, 2015, Tangipahoa Communication District Number One entered into an intergovernmental agreement with the St. Helena Parish 911 Communications District, the St. Helena Parish Police Jury, and the St. Helena Parish Sheriff for the provision of emergency 911 services. The contract provided for a period of one year beginning on July 1, 2015 and terminating at mid-night on June 30, 2016. Upon expiration of this agreement, the terms continued on a month to month basis until February 2018 when a new contract was executed. In February 2018, Tangipahoa Communications District Number One entered into an intergovernmental agreement with the St. Helena Parish 911 Communications District, the St. Helena Parish Police Jury, and the St. Helena Parish Sheriff for the provision of emergency 911 services. The contract provided for the following:

1. This agreement shall be for a period of one year beginning on March 1, 2018 and terminating at mid-night on February 28, 2019.
2. The Tangipahoa Communications District Number One will act as a public safety answering point for St. Helena Parish Communications District and will take appropriate action as defined in this document.
3. The Tangipahoa Communication District Number One shall transfer all law enforcement emergency calls to the St. Helena Parish Sheriff's Office for handling by the St. Helena Parish Sheriff's Department and such other appropriate law enforcement agencies as the St. Helena Parish Sheriff's Department deems appropriate.
4. The Tangipahoa Communication District Number One shall dispatch all fire and/or rescue calls to the proper fire district serving the geographical area of the alarm following the mutually agreed upon dispatch procedures. St. Helena Parish Communication District is responsible for providing addressing and geographical information as well as fire district response areas. The Tangipahoa Communication District Number One bears no liability for incorrect addressing, geographical information, or fire district response areas.
5. The Tangipahoa Communication District Number One shall transfer all emergency medical calls to Acadian Ambulance Service, Inc.
6. The Tangipahoa Communication District Number One shall transfer all emergency calls relating to hazardous material, state road closure and/or accidents on state highways not involving either injury, fire or the need for immediate response to the Louisiana State Police Troop "L". In the event of a hazardous material spill or other emergency, the St. Helena Parish Sheriff's Department will be notified and the appropriate fire district will be dispatched.
7. The only agencies that the Tangipahoa Communication District Number One will be one button transferring emergency 911 calls for the St. Helena Parish 911 Communications District are the St. Helena Parish Sheriff's Department, Acadian Ambulance Service, Inc. and Louisiana State Police Troop "L". The only agencies that the Tangipahoa Communication District Number One will be dispatching emergency 911 calls for are the St. Helena Parish 911 Communications District and the St. Helena Parish Fire Districts.
8. The St. Helena Parish 911 Communications District shall be responsible for assuring that the St. Helena Parish Sheriff's Department, St. Helena Fire Districts, Acadian Ambulance Service, Inc. and Louisiana State Police Troop "L" answer the transferred calls and shall be responsible for assuring that these agencies properly handle the response to these calls.
9. The St. Helena Parish Sheriff shall at no cost or expense accept all responsibility for answering emergency 911 calls transferred to it by the Tangipahoa Communication District Number One on an around the clock basis. Furthermore, in addition to being available to answer these calls twenty-four

## TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

- (24) hours a day, seven (7) days a week, the St. Helena Parish Sheriff agrees to be responsible for responding to these calls.
10. The St. Helena Parish 911 Communications District agrees to pay for two (2) additional trunk lines to handle the Century Telephone Company telephone lines. All cost for these telephone trunk lines will be reimbursed by the St. Helena Parish 911 Communications District.
  11. The St. Helena Parish 911 Communications District and the St. Helena Parish Police Jury shall be responsible for naming, signing and addressing all of the roads in St. Helena Parish, Louisiana.
  12. The St. Helena Parish 911 Communications District shall be responsible for maintaining data on road names and addresses and for providing this information and regular updates thereof to the Tangipahoa Communications District Number One.
  13. Each party agrees to provide to the other any and all necessary information requested by the other within a reasonable period of time, not to exceed seven (7) days.
  14. The St. Helena Parish 911 Communications District agrees to hold harmless, indemnify and protect the Tangipahoa Communications District Number One from any and all liability and responsibility arising out of it providing the services outlined herein excepting for its own failure to act or respond specifically including but not limited to liability caused by the St. Helena Parish 911 Communications District, St. Helena Fire District, and/or the St. Helena Parish Sheriff's Department.
  15. In consideration of the aforementioned terms outlined in this agreement and contract the St. Helena Parish Communications District agrees to pay all costs identified in Appendix 1 of the contract (\$89,060 total). All expenses and costs provided for in Appendix 1 of the agreement may be subject to renegotiation should this contract be renewed.

Upon expiration of this agreement, the terms are automatically renewed one year at a time until execution of a new agreement or termination of current agreement.

The District earned and recorded \$89,060 in the current year under this intergovernmental agreement. Receivable amount at year end December 31, 2021 related to this agreement was \$7,422.

On July 1, 2015 the District entered into intergovernmental agreements with 10 local fire departments for answering all emergency 911 lines and radio dispatch on behalf of the fire departments for a term of 1 year. The fire departments are also component units of the Tangipahoa Parish Government. The fire departments agreed to pay their share of the equipment lease, CAD maintenance, radio maintenance, charges and employee cost, based on their percentage of the prior year call volume of all fire departments being dispatched by the District and a portion of CAD maintenance and radio maintenance funded by the Tangipahoa Sheriff as outlined in an attachment to the agreement. Upon expiration of the agreements, new contracts were not immediately signed and instead the terms of the agreements continued on a month to month basis. The contracts continued on a month to month basis through June 30, 2019 at which time new agreements were executed with 12 local fire departments for answering all emergency 911 lines and radio dispatch on behalf of the fire departments. The contract provided for a one-year term with automatic renewal unless cancelled by either party to the contract with ninety days written notice. The fire departments are also component units of the Tangipahoa Parish Government. The fire departments agreed to pay their share of the equipment lease, CAD maintenance, radio maintenance charges and employee cost, based on their percentage of the prior year call volume of all fire departments being dispatched by the District as outlined in an attachment to the agreements.

# TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

The District earned and recorded \$65,000 in revenue in the government-wide financial statements in the current year under these agreements. The District recorded an additional \$16,662 in revenue in the General Fund related to prior year deferred inflows of resources received and recognized as revenue in the current year. Receivable amount at year end December 31, 2021 related to these agreements was \$21,868. Of this receivable amount, \$6,062 was not collected in the period of availability and was recorded as a deferred inflow of resources in the general fund and as such, the District earned and recorded a total of \$75,600 in revenue in the general fund in the current year under this agreement

### **11. Operating Leases -**

During the year ending December 31, 2018, the District signed a leasing agreement for the lease of new 911 hardware and equipment and a service agreement for service of that system. In accordance with the terms of the lease, the District will pay \$108,134.66 a year for five years, the initial lease term, beginning in 2018. In accordance with the terms of the related service contract, the District will pay \$17,710.17 a year for five years, the initial term, beginning in 2018. Rental expense under this lease for the year ended December 31, 2021 was \$125,845.

### **12. Fund Balance -**

At December 31, 2021, the District had nonspendable fund balance of \$145,148 created from prepaid expenses. In a prior fiscal year and remaining for the fiscal year ending December 31, 2021, the Board of Commissioners of the Tangipahoa Communications District Number One had committed a total of \$900,000 for future infrastructure and technology. During the year ending December 31, 2016 and remaining for the fiscal year ending December 31, 2021, the Board of Commissioners committed an additional \$1,000,000 for future infrastructure and technology. During the year ending December 31, 2020 and remaining for the fiscal year ending December 31, 2021, the Board of Commissioners committed an additional \$600,000 for future building expansion. These commitments represent an internally imposed restriction made by the highest decision-making body of the District, the board. As such, at December 31, 2021, the District had committed fund balance of \$2,500,000. As it relates to communication equipment, the policy of the board is to commit the funds for future purchases of communication equipment and not to reduce the commitment as unrestricted funds are expended for communications equipment. The remaining fund balance of \$1,890,861 was unassigned at December 31, 2021.

### **13. Risk Management -**

The District is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The District purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The District's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

### **14. Contingent Liabilities -**

At December 31, 2021, the District was not involved in any outstanding litigation or claims.

**TANGIPAOA COMMUNICATIONS DISTRICT NUMBER ONE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2021

**15. COVID-19 Pandemic -**

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic and this pandemic has resulted in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders, and quarantining of people that may have been exposed to the virus.

COVID-19 and actions taken to mitigate it had and are expected to continue to have adverse effects on the economy. As the COVID-19 pandemic is complex and rapidly evolving, we cannot reasonably estimate the duration or severity of this pandemic nor its full impact on the entity, its financial position, or change in financial position.

**16. Subsequent Events -**

Subsequent events have been evaluated by management through September 14, 2022, the date the financial statements were available for issuance. No events were noted that require recording or disclosure in the financial statements for the year ending December 31, 2021.

**OTHER SUPPLEMENTARY INFORMATION**

## TANGIPAOHA COMMUNICATIONS DISTRICT NUMBER ONE

SCHEDULE OF COMPENSATION PAID TO THE BOARD OF COMMISSIONERS

FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Name and Title / Contact Number</u>	<u>Employer and Address</u>	<u>Compensation Received</u>	<u>Term Expires</u>
Kim Moore, Chairman (985) 969-0807	Tangipahoa Parish Sheriff's Office 61092 Vining Road Amite, LA 70422	\$ 150	June 2021
Patrick Sims, Vice Chairman (985) 630-2748	Acadian Ambulance Service 20246 Kingland Dr. Hammond, LA 70403	250	June 2021
Richard Cutrer, Commissioner (985) 517-1103	Tangipahoa Fire Protection District 1 51585 Narretto Road Loranger, LA 70446	150	June 2021
John Ballard, Chairman (985) 517-2697	Member-at-Large 66295 Highway 1054 Kentwood, LA 70444	400	June 2022
Karen Volkmann, Vice Chairman (985) 517-0031	Hood Memorial Hospital 300 Pecan Street Amite, LA 70422	300	June 2022
Jesse Hodges III, Commissioner (985) 507-7398	Hammond Fire Department 48318 Fox Hollow Blvd. Hammond, LA 70401	100	June 2024 Retired June 2021
Jerry Trabona, Commissioner (985) 969-1868	Amite Police Department 506 North Ave. Amite, LA 70422	50	June 2024 Retired June 2021
Daniel Folks, Commissioner (985) 507-3930	Hammond Fire Department 15153 Firestation Road Tickfaw, LA 70466	150	June 2024
Frank Edwards, Secretary - Treasurer (985) 507-0242	Independence Police Department P O Box 687 Independence, LA 70443	300	June 2024
Ethan Dunn, Commissioner (985) 974-0395	Tangipahoa Parish Sheriff 56299 N Cooper Road Loranger, LA 70446	50	June 2025
Charles Schlicher, Commissioner (985) 320-5512	Natalbany Fire Department 48372 Woodhaven Road Tickfaw, LA 70466	200	June 2025
Markus Jenkins, Commissioner (985) 302-1125	Acadian Ambulance Service 44210 Nicholas Circle Hammond, LA 70403	150	June 2025
		<u>\$ 2,250</u>	

See independent auditor's report.

## TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head Name: Dennis Darouse, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 82,905
Benefits-Insurance	8,035
Benefits-Prescription Reimbursement	142
Benefits-Vision Insurance	82
Employer Paid Payroll Taxes	6,358
Meal and Incidental Per Diem	733
Telephone Expense Reimbursement	600
Travel	2,946
	<u>\$ 101,801</u>

See independent auditor's report.



2322 Tremont Drive • Baton Rouge, LA 70809  
1254 Del Este Avenue, Suite 1101 • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
650 Poydras Street, Suite 1200 • New Orleans, LA 70130  
Phone: 504.274.0200 • Fax: 504.274.0201  
www.htbcpa.com

## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Commissioners  
Tangipahoa Communications District Number One  
Amite, Louisiana 70422

We have audited, 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, the financial statements of the governmental activities and each major fund of the Tangipahoa Communications District Number One, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Tangipahoa Communications District Number One's basic financial statements, and have issued our report thereon dated September 14, 2022.

### **Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Finding 2021-001 that we consider to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Tangipahoa Communications District Number One's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described the accompanying schedule of findings and responses as Finding 2021-002.

## **Tangipahoa Communications District Number One's Response to Findings**

Tangipahoa Communications District Number One's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Tangipahoa Communications District Number One's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
September 14, 2022

TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE

SCHEDULE OF FINDINGS AND RESPONSES

DECEMBER 31, 2021

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

X Unmodified Qualified
Disclaimer Adverse

Internal control over financial reporting:

Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? X Yes None Reported

Noncompliance material to financial statements noted? X Yes No

Federal Awards - NA

Internal Control over major federal programs:

Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None Reported

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

Unmodified Qualified
Disclaimer Adverse

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

Table with 2 columns: Assistance Listing Numbers(s), Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B programs: \$

Auditee qualified a low-risk' auditee? Yes No

**TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE**

**SCHEDULE OF FINDINGS AND RESPONSES**

DECEMBER 31, 2021

**Section II: Financial Statement Findings**

**Finding Number: 2021-001 Lack of Proper Segregation of Duties (Significant Deficiency)**

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: Duties throughout the financial reporting process, which are considered incompatible, are being performed by the District's CPA/CLERK or Director. Specifically included, but not limited to:

- Individual that prepares and makes deposits also opens mail, records transactions into the GL and reconciles bank accounts.
- Individual who prepares disbursement checks and disburses funds electronically (electronic payments and payroll direct deposit) also opens mail, records transactions into the general ledger, mails payments and reconciles bank accounts.
- Vendors are added by the individual responsible for processing payments.

Compensating controls include, but are not limited to: monthly financial statements and other financial information review by Board and Director; review and approval of check register and electronic payments by Director and Board as part of monthly financial review; review and approval (initial) of bank reconciliations by Board Member; dual signatures on checks and review of invoices by Director and Board; leave approval and review by Director; time entry system and payroll reconciliation of documents; review and approval of all time by Director; Board involvement in the budget process.

Cause: Due to the size and nature of the District, there are few administrative employees and as such, some incompatible duties are not adequately segregated.

Effect: Inadequate segregation of duties exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: Management should remain vigilant in identifying compensating controls and ensuring that those implemented are operating effectively. Specifically, we recommend separation of the responsibilities of opening mail, making deposits and mailing payments from the individual responsible for the General Ledger, processing payments and reconciling the bank accounts.

Management's Response: The District continues to be vigilant in ensuring compensating controls are operating. Additional compensating controls will be further reviewed and implemented where possible and the District will implement auditor recommendations as possible.

Contact Person:  
Dennis Darouse, Director  
(985) 747-0911

**TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE**

**SCHEDULE OF FINDINGS AND RESPONSES**

December 31, 2021

**Finding Number: 2021-002 Audit Filing Requirement (Noncompliance)**

Criteria: Tangipahoa Communications District Number One is subject to audit requirements as defined in Revised Statutes 24:513(A) for filing financial audit reports. The general deadline for filing is six months after the end of the entity's fiscal year but may be extended per Legislative Auditor approval.

Condition: The District did not file its audit by the statutory deadline and while an extension request was submitted, it has not been granted an extension as of the current date.

Cause: The auditors were delayed due to the timing of the commencement of audit procedures and the untimely injury, surgery and leave of a key audit team member, the engagement manager.

Effect: The District is not in compliance with the above referenced statute.

Recommendation: The District should continue to monitor statutory deadlines and consider beginning audit procedures earlier to assist in providing sufficient time to complete and issue the audit by the statutory deadline.

Management's Response: The District continues to monitor statutory deadlines. The District will also plan to begin audit procedures earlier in the upcoming audit year.

Contact Person:  
Dennis Darouse, Director  
(985) 747-0911

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

N/A

**TANGIPAHOA COMMUNICATIONS DISTRICT NUMBER ONE**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

DECEMBER 31, 2021

**Financial Statement Findings**

**Finding Number: 2020-11 Lack of Proper Segregation of Duties (Significant Deficiency)**

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: Duties throughout the financial reporting process, which are considered incompatible, are being performed by the District's Clerk or Director. Specifically included, but not limited to:

- Individual that prepares and makes deposits also opens mail, records transactions into the GL and reconciles bank accounts.
- Individual who prepares disbursement checks and disburses funds electronically (electronic payments and payroll direct deposit) also opens mail, records transactions into the general ledger and reconciles bank accounts.
- Vendors are added by the individual responsible for processing payments.

Compensating controls include, but are not limited to: monthly financial statements and other financial information review by Board and Director; review and approval of check register and electronic payments by Director and Board as part of monthly financial review; review and approval (initial) of bank reconciliations by Board Member; dual signatures on checks and review of invoices by Director and Board; leave approval and review by Director; time entry system and payroll reconciliation of documents; review and approval of all time by Director; Board involvement in the budget process.

Cause: Due to the size and nature of the District, there are few administrative employees and as such, some incompatible duties are not adequately segregated.

Effect: Inadequate segregation of duties exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: Management should remain vigilant in identifying compensating controls and ensuring that those implemented are operating effectively. Specifically, we recommend separation of the responsibility of opening mail and preparing and making deposits from the individual responsible for the General Ledger and the individual reconciling the bank accounts.

Management's Response: Compensating controls will be further reviewed and implemented where possible. The District will implement auditor recommendations as possible.

**Current Year Status :** Lack of segregation of duties is a continuing issue with smaller entities. The District continues to look for opportunities to implement compensating controls. This finding has been reassessed and is again reported again as a significant deficiency in the current year as 2021-001.

**Federal Award Findings and Questioned Costs**

N/A

This schedule was prepared by management.

**TANGIPAOA COMMUNICATIONS DISTRICT**  
**NUMBER ONE**

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED -UPON PROCEDURES**

**DECEMBER 31, 2021**

2322 Tremont Drive • Baton Rouge, LA 70809  
1254 Del Este Avenue, Suite 1101 • Denham Springs, LA 70726  
650 Poydras Street, Suite 1200 • New Orleans, LA 70130  
Phone: 225.928.4770 • Fax: 225.926.0945  
www.htbcpa.com

Independent Accountant’s Report  
on Applying Agreed-Upon Procedures

Members of the Board of Commissioners of  
Tangipahoa Communications District Number One  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Tangipahoa Communications District Number One’s (the District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.  
– **No exceptions noted.**
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.  
– **No exceptions noted.**

- c) **Disbursements**, including processing, reviewing, and approving.
- **No exceptions noted.**
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- **No exceptions noted.**
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- **While the District does have a detailed policy, the policy does not specifically address the approval process for employee(s) rate of pay. Noted that the District's personnel policies include Telecommunicator/Dispatcher training and starting step scale rate, team leader additional rate, and raises for these positions approved by the Board according to evaluation. Other positions are not specifically addressed as far as approval of pay rate. In practice, increases to step scales from stated amount as well as all other pay rates are approved by the Board as evidenced in Board minutes.**
- Management’s Response: Management will recommend the adding of the approval process for pay in the personnel policies.*
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **No exceptions noted.**
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **No exceptions noted.**
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **No exceptions noted.**
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy.
- **While the District has a comprehensive ethics policy, the policy does not specifically address the system to monitor possible ethics violations and does not specifically include a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy.**
- Management’s Response: Management will recommend the inclusion of a system to monitor possible ethics violations and a method for documentation that employees and officials are notified of any changes.*
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

– **No exceptions noted.**

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

– **The District's policy does not specifically address the use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.**

*Management's Response: The district currently follows all items listed. Management will recommend the inclusion of the process in the policy.*

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

– **No exceptions noted.**

### ***Board or Finance Committee***

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

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

– **The board appeared to have scheduled monthly meetings for the year and held such meetings regularly throughout the year. However, the board was unable to meet in April 2021 due to a lack of a quorum.**

*Management's Response: The Board has scheduled monthly meetings. Occasionally, due to a lack of a quorum, a meeting is rescheduled if possible. The November meeting was not held due to the date falling on a holiday. The December meeting was held earlier in the month due to holiday schedules.*

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

– **No exceptions noted.**

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

– **No exceptions noted.**

## ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

– **No exceptions noted. See each item to follow.**

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

– **No exceptions noted.**

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

– **No exceptions noted.**

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

– **No exceptions noted.**

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

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

– **No exceptions noted.**

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

– **No exceptions noted.**

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

– **These duties are not property segregated.**

***Management's Response: Limited segregation of duties exist due to the size of the District and limited accounting personnel. Compensating controls include, but are not limited to financial information review by the Director and the Board.***

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

– **These duties are not property segregated.**

*Management's Response: Limited segregation of duties exist due to the size of the District and limited accounting personnel. Compensating controls include, but are not limited to financial information review by the Director and the Board.*

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

– **These duties are not property segregated.**

*Management's Response: Limited segregation of duties exist due to the size of the District and limited accounting personnel. Compensating controls include, but are not limited to financial information review by the Director and the Board.*

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

– **No exceptions noted.**

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

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

– **Due to the nature of the collections, no receipt is issued. Alternate procedures performed by the District. 911 fee checks are mailed to the District along with a remittance report. Collections per customer reports are prepared by the clerk for 911 fee collections and reconciled to collections and to the general ledger. Intergovernmental revenue collection checks are mailed to the District and maintained with the check stub and invoice. Detailed billing reports are prepared for intergovernmental revenue by the Clerk and reconciled to collections and to the general ledger. A detailed deposits slip is also prepared by the clerk which includes the payor name and payment amount. Deposit slips are reconciled to collections data and the general ledger.**

*Management's Response: Due to the nature of the collections, no receipt is necessary. The current procedures are deemed adequate.*

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

– **No exceptions noted.**

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

– **No exceptions noted.**

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

– **Actual collection date is unknown. 911 fees - The reporting period of the collection per the remittance is logged on the collection records as well as the deposit date. It is noted that the payments are due to the District by the 20th of the month. Noted deposits prior to that date for the 911 fees. Intergovernmental Revenue - The billing period and the deposit date are logged on the collection records. No other date is known.**

*Management's Response: The district will review the collection procedures and consider the benefit of stamping reports with the date received*

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

– **No exceptions noted.**

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

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

– **No exceptions noted.**

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

– **See each item to follow.**

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

– **Recurring purchases or non-recurring purchases above the Director's approval limit do not require involvement of at least two employees.**

*Management's Response: Limited segregation of duties exist due to the size of the District and limited accounting personnel. Compensating controls include, but are not limited to dual signature on checks and review of invoices by the Director and Board, subsequent approval of electronic payments by the Director and Board, and financial information review by the Director and the Board.*

b) At least two employees are involved in processing and approving payments to vendors.

– **No exceptions noted.**

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

– **The individual responsible for processing payments is not prohibited from adding vendors. However, supporting invoices are signed by multiple individuals, including the Director and Board members and checks are dual signed.**

*Management's Response: Limited segregation of duties exist due to the size of the District and limited accounting personnel. Compensating controls include, but are not limited to dual signature on checks and review of invoices by the Director and Board, subsequent approval of electronic payments by the Director and Board, and financial information review by the Director and the Board.*

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

– **The individual responsible for processing payments mails checks.**

*Management's Response: Limited segregation of duties exist due to the size of the District and limited accounting personnel. Compensating controls include, but are not limited to dual signature on checks and review of invoices by the Director and Board, subsequent approval of electronic payments by the Director and Board, and financial information review by the Director and the Board.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

– **No exceptions noted.**

a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

– **No exceptions noted.**

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

– **Documentation included evidence of those duties that are segregated, but noted some duties that were not adequately segregated in #9.**

*Management's Response: Limited segregation of duties exist due to the size of the District and limited accounting personnel. Compensating controls include, but are not limited to dual signature on checks and review of invoices by the Director and Board, subsequent approval of electronic payments by the Director and Board, and financial information review by the Director and the Board.*

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

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

– **No exceptions noted.**

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

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

– **No exceptions noted.**

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

– **One of five selections included finance charges in the amount of \$7.45.**

*Management's Response: Finance charges are usually due to delay in mail delivery but are investigated and a request is made to be removed. This one was overlooked.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

– **No exceptions noted.**

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

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

– **No exceptions noted.**

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

– **No exceptions noted.**

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

– **No exceptions noted.**

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

– **No exceptions noted.**

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

– **No exceptions noted.**

### ***Contracts***

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

– **No exceptions noted. – See each item to follow.**

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

– **No exceptions noted.**

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

– **No exceptions noted.**

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - **No exceptions noted.**
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.
  - **No exceptions noted.**

### ***Payroll and Personnel***

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- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
  - **No exceptions noted.**
- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
    - **No exceptions noted.**
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
    - **No exceptions noted.**
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
    - **No exceptions noted.**
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
    - **No exceptions noted.**
- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
  - **Obtained listing noting no employees received termination payments per listing. No exceptions noted.**
- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums,

garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

– **No exceptions noted.**

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:

a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

– **No exceptions noted.**

b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

– **No change to ethics policy noted in period.**

### ***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

– **No bonds/notes and other debt instruments noted. As such, remainder, NA.**

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

– **No bonds/notes noted. As such, remainder NA.**

### ***Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

– **No misappropriations of public funds nor assets noted during the period.**

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

– **No exceptions noted.**

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.  
**– We performed the procedure and discussed the results with management.**
  - b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.  
**– We performed the procedure and discussed the results with management.**
  - c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.  
**– We performed the procedure and discussed the results with management.**

***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.  
**– No exceptions noted.**
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).  
**– Posting was not located on entity's website. Evidence was provided demonstrating that it is posted in a conspicuous location on the entity's premises.**

***Management’s Response: IT has been contacted with a request to add the sexual harassment policy to the website.***

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;  
**– Percentage of public servants in the agency was not specifically listed although it could be easily calculated from the data presented.**

***Management's Response: The percentage will be added to the report.***

- b) Number of sexual harassment complaints received by the agency.  
– **No exceptions noted. No sexual harassment complaints noted.**
- c) Number of complaints which resulted in a finding that sexual harassment occurred.  
– **No sexual harassment complaints noted.**
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.  
– **No sexual harassment complaints noted.**
- e) Amount of time it took to resolve each complaint.  
– **No sexual harassment complaints noted.**

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

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

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

Respectfully submitted,  
*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
September 14, 2022