

**ST. TAMMANY PARISH
COMMUNICATIONS DISTRICT NO. 1
AUDITED FINANCIAL STATEMENTS**

For The Year Ended December 31, 2022

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO.1

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December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the
St. Tammany Parish Communications District No. I

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the St. Tammany Parish Communications District No. I (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and net pension liability information on pages 4 through 7 and 28 through 29, 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 District's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule 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. The 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 schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sincerely,

Kushner LaGraize, L.L.C.

Metairie, Louisiana

April 19, 2023

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

*Management's Discussion and Analysis
As of and for the Year Ended December 31, 2022*

The management's discussion and analysis of the St. Tammany Parish Communications District No. 1's (the "District") financial performance provides an overview of the financial activities as of and for the year ended December 31, 2022. It should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded its liabilities and deferred inflows at December 31, 2022, by \$12,090,056. The District's net position increased by \$1,004,391 or 9.06% from the prior year.
- The District's operating revenues increased by \$25,612 or 0.05%, while operating expenses decreased by \$38,724 or 0.98% for the year ended December 31, 2022. The increase in operating revenues was due to an increase in revenue from fees charged for services. The decrease in operating expenses was due to a decrease in the District's retirement expense resulting from a net change in the District's net pension asset and deferred inflows and outflows related to pension. All other operating costs were consistent with prior year.
- The District's non-operating revenues over expenses increased by \$78,250 for the year ended December 31, 2022. The increase was due to an increase in interest income earned on the District's deposit accounts.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements.

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses and Changes in Net Position. All assets and liabilities associated with the operations of the District are included in the Statement of Net Position.

The Statement of Net Position reports the District's net position, which is the difference between its assets and liabilities. Net Position is one way to measure the District's financial health or position.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

Management's Discussion and Analysis - Continued

As of and for the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE DISTRICT

The following is a summary of the statements of net position:

Statements of Net Position As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Current assets	\$ 7,915,306	\$ 7,061,766	\$ 853,540
Capital assets – net	8,965,267	9,216,376	(251,109)
Other assets	643,517	409,084	234,433
Total Assets	<u>17,524,090</u>	<u>16,687,226</u>	836,864
Deferred outflows of resources	<u>94,678</u>	<u>115,422</u>	<u>(20,744)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,618,768</u>	<u>\$ 16,802,648</u>	<u>\$ 816,120</u>
Current liabilities	\$ 623,517	\$ 612,421	\$ 11,096
Non-current liabilities	<u>4,600,000</u>	<u>4,895,000</u>	<u>(295,000)</u>
Total Liabilities	5,223,517	5,507,421	(283,904)
Deferred inflows of resources	305,195	209,562	95,633
Net Position:			
Net investment in capital assets	4,070,267	4,036,376	33,891
Unrestricted	<u>8,019,789</u>	<u>7,049,289</u>	<u>970,500</u>
Total Net Position	<u>12,090,056</u>	<u>11,085,665</u>	<u>1,004,391</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 17,618,768</u>	<u>\$ 16,802,648</u>	<u>\$ 816,120</u>

Current assets increased by \$853,540 from the prior year. The increase in current assets was primarily a result of an increase in cash due to an increase in revenues from fees charged for service over costs. In addition, the District's net pension asset increased by \$224,433 from prior year.

Capital assets decreased by \$251,109 from the prior year. The decrease in capital assets was primarily attributable to depreciation expense for the current year which was offset by capital additions.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

Management's Discussion and Analysis - Continued

As of and for the Year Ended December 31, 2022

Total liabilities decreased by \$283,904 from the prior year. The decrease in liabilities was attributable to the bond principal payment made in the current year offset by the increase in account payable.

The District's net position increased \$1,004,391 from the prior year. The increase in the net position was primarily attributable to an increase in operating revenues as previously noted.

Statements of Revenues, Expenses and Changes in Net Position For the Years Ended December 31, 2022 and 2021

	2022	2021	Favorable (Unfavorable)
Operating Revenues:			
Fees charged for services	\$ 4,953,557	\$ 4,945,904	\$ 7,653
Miscellaneous revenue	21,653	3,694	17,959
Total Operating Revenues	4,975,210	4,949,598	25,612
Operating Expenses:			
Public safety	3,560,557	3,599,535	38,978
Depreciation	368,349	368,095	(254)
Total Operating Expenses	3,928,906	3,967,630	38,724
Non-Operating Revenues (Expenses):			
Gain on sale of capital assets	-	13,032	(13,032)
Interest income	90,252	6,665	83,587
Interest on long-term debt	(132,165)	(139,860)	7,695
Total Non-Operating Revenues (Expenses)	(41,913)	(120,163)	78,250
Change in net position	1,004,391	861,805	142,586
Total Net Position, Beginning of Year	11,085,665	10,223,860	861,805
Total Net Position, End of Year	\$ 12,090,056	\$ 11,085,665	\$ 1,004,391

The District's net position increased by \$1,004,391 or 9.06% from the previous year. See explanation above.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

Management's Discussion and Analysis - Continued

As of and for the Year Ended December 31, 2022

CAPITAL ASSETS

The capital assets of the District consist of land, buildings and improvements, furniture and fixtures, 911 equipment, vehicles, and computer hardware. At December 31, 2022, the District had investments in capital assets (net of accumulated depreciation) totaling \$8,965,267, which was a decrease of \$251,109 from the prior year. The decrease was primarily due to current year depreciation expense which was offset by additions to capital assets.

DEBT

As of December 31, 2022, the District has \$4,895,000 in certificates of indebtedness, a decrease of \$285,000 from the prior year's balance of \$5,180,000. The decrease is attributable to payments on the certificates of indebtedness during the current year of \$285,000.

CONTACTING THE DISTRICT

The financial report is designed to provide a general overview of the District's finances and to show accountability for the financial resources received. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Rodney Hart, Executive Director, 28911 Krentel Rd, Lacombe, LA 70445.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I

STATEMENT OF NET POSITION

December 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 7,160,710
Receivables	<u>754,596</u>

TOTAL CURRENT ASSETS 7,915,306

NONCURRENT ASSETS

Capital assets - net	8,965,267
Intangible asset	19,500
Other assets	298,540
Net pension asset	<u>325,477</u>

TOTAL NONCURRENT ASSETS 9,608,784

TOTAL ASSETS 17,524,090

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to pension	<u>94,678</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES \$ 17,618,768

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 322,643
Payroll liabilities	5,874
Certificates of indebtedness – current	<u>295,000</u>

TOTAL CURRENT LIABILITIES 623,517

NONCURRENT LIABILITIES

Certificates of indebtedness payable	<u>4,600,000</u>
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TOTAL NONCURRENT LIABILITIES 4,600,000

TOTAL LIABILITIES 5,223,517

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pension	<u>305,195</u>
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TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES 5,528,712

NET POSITION

Net investment in capital assets	4,070,267
Unrestricted	<u>8,019,789</u>

TOTAL NET POSITION 12,090,056

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION \$ 17,618,768

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO.1

STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN NET POSITION

Year Ended December 31, 2022

OPERATING REVENUES	
Fees charged for services	\$ 4,953,557
Miscellaneous revenue	<u>21,653</u>
TOTAL OPERATING REVENUES	4,975,210
OPERATING EXPENSES	
Public safety	3,560,557
Depreciation	<u>368,349</u>
TOTAL OPERATING EXPENSES	<u>3,928,906</u>
OPERATING INCOME	1,046,304
NON-OPERATING REVENUES (EXPENSES)	
Interest income	90,252
Interest on long-term debt	<u>(132,165)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(41,913)</u>
CHANGES IN NET POSITION	1,004,391
NET POSITION	
TOTAL NET POSITION - BEGINNING OF YEAR	<u>11,085,665</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 12,090,056</u>

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO.1

STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for services	\$ 4,990,309
Cash paid for goods and services	(2,952,787)
Payments to employees and related benefits	<u>(684,271)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,353,251
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on certificates of indebtedness	(285,000)
Interest paid	(132,165)
Purchase of capital assets	<u>(117,240)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(534,405)
NET CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>90,252</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>90,252</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	909,098
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,251,612</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,160,710</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,046,304
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	368,349
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Accounts receivable	15,099
Prepaid expenses	40,459
Other assets	(10,000)
Deferred outflows of resources	20,744
Accounts payable	(1,250)
Payroll liabilities	2,346
Pension asset	(224,433)
Deferred inflows of resources	<u>95,633</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,353,251</u>

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of St. Tammany Parish Communications District No. 1 (the District) is to shorten the time required for a citizen to request and receive emergency aid. The District is mandated to take whatever actions are necessary to accomplish this task. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to governmental entities. The following is a summary of significant accounting policies:

Reporting Entity

The District was created in 1986 by Ordinance 687 of the St. Tammany Parish Council. Effective September 1, 2013, the St. Tammany Parish Council passed Ordinance 13-2982 which amended Ordinance 687 relative to the composition of members on the Board of Commissioners. The District is governed by a Board of Commissioners composed of seven members. Three members are appointed by the St. Tammany Parish Council representing the Parish Governing Authority who may be Parish Council members, one member is appointed by the Parish President, and the remaining three are appointed by the St. Tammany Parish Council through the following nominations: one member nominated by the St. Tammany Parish Sheriff, one member nominated by the Municipal Police Chiefs, and one member nominated by the District Fire Chiefs. The Executive Director is a non-voting ex-officio member of the Board. The Board members shall serve 4-year terms concurrently with the Parish President and Council. A chairman is elected by the Board Members for a period of one year.

The District is not considered a component unit of the St. Tammany Parish Council. The Parish Council appoints a majority of the Board Members but does not have the ability to impose its will on the District. Based on the criteria set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the District has no component units.

Basis of Presentation

The accompanying basic financial statements of the St. Tammany Parish Communications District No. 1 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. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The District's operations are accounted for in a proprietary fund type - the enterprise fund. The proprietary fund type is accounted for using the flow of economic resources measurement focus. With this measurement focus all assets, deferred outflows, liabilities and deferred inflows associated with the operations are included on the statement of net position. Fund equity is segregated into contributed capital and net position. The operating statement presents increases (revenues) and decreases (expenses) in total net position.

The District's operations are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The measurement focus emphasizes the determination of operating income. The District follows the accrual basis of accounting for its proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Pursuant to LRS 33:9106 and Act 1029 of the 1999 Regular Session of the Louisiana Legislature, the District is authorized to collect the following service charges per subscriber per device per month within the District:

Residential	\$1.00
Voice Over IP	\$1.25
Commercial	\$2.00
Wireless	\$1.25

Pursuant to LRS 33:9109.1, the District also collects a fee of 4% on prepaid wireless retail transactions.

Service charges are collected by the District on a monthly basis and are considered measurable at the month of collection. Accordingly, service charges incurred in December 2022 and remitted in 2023 have been reported as a receivable.

Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash and cash equivalents that are required to be used for a specific purpose by creditors are classified as restricted.

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

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

Accounts receivable at December 31, 2022, consist of service charges due from telephone companies. These receivables are considered to be fully collectible.

Capital Assets

All capital assets of the District are recorded at historical cost and are reported in the Statement of Net Position. Depreciation of all exhaustible capital assets is charged as an expense against their operations.

The cost of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The District capitalizes equipment and furniture in excess of \$1,000.

The following estimated useful lives and methods are used to compute depreciation:

Buildings	30 years	Straight-Line
Leasehold improvements	15 years	Straight-Line
Furniture, fixtures, and equipment	5 – 7 years	Straight-Line
Computers	3 – 7 years	Straight-Line
Vehicles	5 years	Straight-Line

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources that represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. The District has one item that qualifies for reporting in this category which is deferred amounts related to pensions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category which is deferred amounts related to pensions.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Long-Term Obligations

In proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Certificates of Indebtedness premiums and discounts are deferred and amortized over the life of the certificates using the straight-line method. Certificates of Indebtedness payable is reported net of the applicable premium or discount, if any.

Use of 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Net Position Classifications

Net position is classified and displayed in three components:

- a. Net investment in capital assets - consist of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds, the portion of the debt attributable to the unspent amount is excluded from the calculation of net investment in capital assets.
- Restricted net position - consists of assets that have constraints that are externally imposed by creditors.
- Unrestricted net position - consist of all other net assets that do not meet the definition of "net investment in capital assets" or "restricted".

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the District's policy is to apply restricted net position first.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Stabilization Arrangements

The District has formally set aside amounts for use in emergency situations or to offset anticipated revenue shortfalls should they occur. A stabilization arrangement, to offset anticipated revenue shortfalls should they occur, was authorized through formal resolution of the Board and was set at 42% of total revenue, which resulted in a balance of \$2,133,875 for the year ended December 31, 2022. The Board, through formal resolution, also established a stabilization arrangement in the amount of \$2,000,000 to fund expenses in the event of a catastrophic occurrence related to costs to obtain temporary facilities and equipment. The stabilization balances in total as of December 31, 2022, are \$4,133,875 and are included in the unrestricted net position.

New Pronouncements

During the year ended December 31, 2022, the District adopted GASB Statement No. 87 "Leases", which requires recognition of certain assets and liabilities for leases that were classified as operating leases. The implementation of this GASB did not have an impact on the District's financial statements. See related Note 5 – Commitments for further information on leases.

NOTE 2 - CASH AND CASH EQUIVALENTS

The District had cash and cash equivalents (carrying value) at December 31, 2022 totaling \$7,160,710. These deposits are stated at cost, which approximates market value. Under state law, deposits (or the resulting bank balance) 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.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2022, the District's bank balances were \$7,193,590 of which \$250,000 was secured by federal deposit insurance coverage. The remaining deposits were collateralized by the pledge of securities held in joint custody with the bank. Accordingly, the District was not exposed to custodial credit risk.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2022

NOTE 3 - CAPITAL ASSETS

	December 31, 2021	Additions	Deletions	December 31, 2022
Capital assets not being depreciated:				
Land	\$ 236,478	\$ 46,160	\$ -	\$ 282,638
Total capital assets not being depreciated	236,478	46,160	-	282,638
Capital assets being depreciated:				
Equipment and 911 system	356,077	71,080	-	427,157
Buildings	9,825,041	-	-	9,825,041
Vehicles	95,657	-	-	95,657
Furniture and fixtures	441,174	-	-	441,174
Total capital assets being depreciated	10,717,949	71,080	-	10,789,029
Less accumulated depreciation:				
Equipment and 911 system	(221,243)	(32,813)	-	(254,056)
Buildings	(1,221,184)	(237,491)	-	(1,458,675)
Vehicles	(45,000)	(10,098)	-	(55,098)
Furniture and fixtures	(250,624)	(87,947)	-	(338,571)
Total accumulated depreciation	(1,738,051)	(368,349)	-	(2,106,400)
Total capital assets being depreciated, net	8,979,898	(297,269)	-	8,682,629
Total capital assets, net	\$ 9,216,376	\$ (251,109)	\$ -	\$ 8,965,267

Depreciation expense was incurred in the amount of \$368,349 during the year ended December 31, 2022.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Plan Description

Employees of the District are provided with pensions through a cost-sharing multiple- employer defined benefit plan administered by the Parochial Employees' Retirement System (PERS). PERS was established and provided for by R.S.11:1901 of the Louisiana Revised Statute (LRS) to provide retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the state which does not have its own retirement system and which elects to become a member of PERS. The plan issues a stand- alone financial report. The District participates in Plan A of PERS.

Retirement Benefits

Any member of Plan A can retire providing he/she meets one of the following criteria: For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum often (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of service.
2. Age 62 with ten (10) years of service.
3. Age 67 with seven (7) years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 3% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2022

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Deferred Retirement Option Plan:

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the retirement system. DROP is an option for any member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the plan will be placed in liquid asset money market investments at the discretion of the Board of Trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he was hired prior to January 1, 2007 and has at least five years of creditable service, or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or 3% multiplied by years of service assuming continued service to age 60 for members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Cost-of Living Increases

The pension plan is authorized to provide a cost-of-living allowance for members who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the pension plan may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the pension plan may provide a cost-of-living increase up to 2.5% for retirees 62 and older. Lastly, the pension plan provides for further reduced actuarial payments to provide an annual 2.5% cost-of-living adjustment commencing at age 55.

Contributions

Members are required by state statute to contribute 9.5% of their annual covered payroll and the District is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal year ended December 31, 2022 was 11.50% of annual covered payroll. The District's contribution to the PERS for the year ended December 31, 2022 was \$46,930, which was recorded as a deferred outflows related to pension.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

As of December 31, 2022, the District reported an asset of \$325,477 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the measurement period December 31, 2021, the District's proportion was 0.07%.

For the year ended December 31, 2022, the District recognized pension expense of \$60,255. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,665	\$ 23,590
Net difference between projected and actual earnings on pension plan investments	-	281,532
Changes of assumptions	16,974	-
Changes in proportion and differences between employer contributions and proportionate share	11,109	73
Employer contributions subsequent to the measurement date	<u>46,930</u>	<u>-</u>
Total	<u>\$ 94,678</u>	<u>\$ 305,195</u>

Deferred outflows of resources related to pension resulting from employer contributions subsequent to the measurement date of \$46,930 will be recognized as a reduction of the net pension asset during the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions of \$257,447 will be recognized as pension expense as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ (46,899)
2023	(108,491)
2024	(71,880)
2025	<u>(30,177)</u>
TOTAL	<u>\$ (257,447)</u>

Actuarial Assumptions

The total pension asset in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Actuarial Assumptions (Continued)

Inflation:	2.30%
Salary Increases:	4.75%, including inflation
Mortality Rates:	Pub-2010 Public Retirement Plans Mortality Tables for employees Pub-2010 Mortality Table for Healthy Retirees for annuitants and beneficiaries Pub-2010 Mortality Table for General Disabled Retirees for disabled annuitants All multiplied by 130% for males and 125% for females
Investment Rate of Return:	6.40%, net of investment expense, including inflation
Cost-of-Living Adjustments:	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The Pub-2010 Public Retirement Plans Mortality Table for General Employees, multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. Mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For disabled annuitants, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2022

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best- estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.00% for the year ended December 31, 2021. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33%	0.85%
Equity	51%	3.23%
Alternatives	14%	0.71%
Real Estate	2%	0.11%
	<u>100%</u>	<u>4.90%</u>
Inflation		<u>2.10%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

The discount rate used to measure the total pension asset was 6.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statues and approved by the pension plan. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension asset.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2022

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Plan Description (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate:

The following presents the District's proportionate share of the net pension asset the discount rate of 6.40%, as well as what the employer's proportionate share of the net pension liability or net pension asset would be if it were calculated using a discount rate that is one percentage point lower, 5.40%, or one percentage-point higher, 7.40%, than the current rate:

	1.0% Decrease 5.40%	Current Discount Rate 6.40%	1.0% Increase 7.40%
District's proportionate share of the net pension liability (asset)	\$ 58,026	\$ (325,477)	\$ (646,731)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued Parochial Employees' Retirement System Financial Report at www.persla.org or on the Office of the Louisiana Legislative Auditor's website at www.lla.state.la.us.

Support of Non-Employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2022, the District recognized revenue as a result of support received from non-employer contributing entities of \$5,716 for its participation in PERS.

Payables to the Pension Plan:

The District had no outstanding amount of contributions due to the pension plan for the year ended December 31, 2022.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2022

NOTE 5 - COMMITMENTS

In January 2021, the District amended an inter-governmental agreement with the St. Tammany Parish Fire District No. 1 (Fire District 1), whereby the District would pay an annual sum of \$300,000 to assist with supplementing the cost of Fire District 1 and Fire District 12's consolidation of all fire service functions to respond to E-911 calls reporting a fire or the need for emergency medical assistance. In 2022, the District incurred an expense of \$300,000 related to this agreement. The term of the agreement is for three years. The future minimum payments required as a result of this agreement as of December 31, 2022 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 300,000

In 2020 the District entered into an inter-governmental agreement with St. Tammany Parish Sheriff's Office, whereby the District would pay an amount to help offset the St. Tammany Parish Sheriff's Office 911 call taker expense in addition to the 911 call taker expense for the City of Covington, and the City of Mandeville. The original term of the agreement was for one year, through 2022. In 2022, the District signed a new agreement which extended three additional years through December 31, 2024. The District evaluates the agreements annually to determine if a fee increase is necessary. In 2022, the District incurred an expense of \$781,127 related to this agreement. The future minimum payments required as a result of this agreement as of December 31, 2022 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 781,127
2024	781,127

In 2019, the District entered into an inter-governmental agreement with the City of Slidell, whereby the District would pay an amount to help offset the City of Slidell's 911 call taker expense in addition to the 911 call taker expense for the Pearl River Police Department. The term of the agreement is five years. In 2022, the District incurred an expense of \$147,234 related to this agreement. The future minimum payments required as a result of this agreement as of December 31, 2022 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 147,234
2024	36,809

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2022

NOTE 5 - COMMITMENTS - CONTINUED

On September 15, 2015, the District entered into an agreement with a tower operator to install, operate, and maintain equipment on a tower located in Lacombe, Louisiana. The agreement calls for monthly payments of \$1,300 for the use of the space with a 3% annual increase on the basic payment on the anniversary date of the agreement. In addition, and concurrently with the basic payment, the District is to pay \$200 per month to reimburse licensor for all or a portion of such rent expense. The term of the lease is for a period of 10 years from the commencement date of the agreement with four renewal periods of five years each. In 2022, the District incurred an expense of \$21,074 related to this agreement.

The District does not intend to exercise the renewal terms at the end of the initial lease in 2025. Due to the small nature of this lease and minimal impact on the Statement of Net Position, the District has determined a reclassification under GASB 87 is not deemed necessary at this time. The future minimum payments required as of December 31, 2022 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 21,730
2024	22,310
2025	17,066

On May 31, 2017, the District entered into an inter-governmental agreement with the St. Tammany Parish Sheriff's Office, whereby the District will fund a portion of the new parish wide radio communication system. The original agreement called for twelve annual payments of \$750,000 to the St. Tammany Parish Sheriff's Office beginning on July 1, 2017. In 2021, this agreement was amended to increase the annual payment to \$1,000,000. In 2022, the District incurred expenses of \$1,000,000 related to this agreement. The future minimum payments required as of December 31, 2022 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 1,000,000
2024	1,000,000
2025	1,000,000
2026	1,000,000
2027	1,000,000
Thereafter	1,000,000

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 5 - COMMITMENTS - CONTINUED

On September 9, 2019, the District entered into an agreement with a national carrier to provide hardware, software, licenses and maintenance on a new Viper911 system. The term of the agreement is for 5 years with an upfront payment of \$600,000 followed by monthly payments of \$17,934 beginning on October 1, 2019. In 2022, the District incurred expenses of \$215,204 related to this agreement. The future minimum payments required as of December 31, 2022 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 215,204
2024	161,404

The District is party to various lease agreements for small office equipment. The terms of these agreements require monthly obligations ranging from \$32 to \$232 per month, and are set to expire within the next two to three years. Due to the small nature of these leases and minimal impact on the Statement of Net Position, the District has determined a reclassification under GASB 87 is not deemed necessary at this time. Total lease expense for the year ended September 30, 2022 was \$3,177.

NOTE 6 - LONG-TERM DEBT

During the year ended December 31, 2016, the District issued Certificates of Indebtedness, Series 2016 in the amount of \$6,500,000 for the purpose of building a facility for the operations of the District. Interest on the certificates bear an annual interest rate of 2.70% and mature over a period of 20 years with a final maturity date of January 1, 2036.

The following is a summary of the long-term debt obligation transactions for the year ended December 31, 2022:

	<u>Balance</u> <u>2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>2022</u>	<u>Within</u> <u>One Year</u>
Certificates of Indebtedness	\$ 5,180,000	\$ -	\$ (285,000)	\$4,895,000	\$ 295,000

During the year ended December 31, 2022, the District incurred interest expense on the certificates in the amount of \$132,165.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2022

NOTE 6 - LONG-TERM DEBT – CONTINUED

The annual debt service requirements of the certificates to maturity as of December 31, 2022 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 295,000	\$ 128,183	\$ 423,183
2024	300,000	120,150	420,150
2025	310,000	111,915	421,915
2026-2030	1,670,000	428,357	2,098,357
2031-2035	1,905,000	187,583	2,092,583
2036	415,000	5,603	420,603
Total	<u>\$ 4,895,000</u>	<u>\$ 981,791</u>	<u>\$ 5,876,791</u>

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2022, the District carried insurance through various commercial carriers to cover all risks of loss.

NOTE 8 - BOARD COMPENSATION

Members of the Board were not paid per diem for attending board meetings for the year ended December 31, 2022.

NOTE 9 - SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date the financial statements were available to be issued, which corresponds with the date of the independent auditors' report. No material subsequent events have occurred since December 31, 2022, that require recognition or disclosure in the financial statements.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

TEN YEAR SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

As of December 31, 2022

Fiscal Year	Employer's Proportion Share of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability (Asset)
<u>PERS:</u>					
12/31/22	0.07%	\$ (325,477)	\$ 411,225	(79.15)%	1,056.39%
12/31/21	0.06%	(101,044)	407,530	(24.79)%	2,601.21%
12/31/20	0.06%	2,717	386,721	0.70%	99.86%
12/31/19	0.05%	213,294	365,992	69.30%	88.86%
12/31/18	0.05%	(36,273)	307,786	(12.01)%	101.98%
12/31/17	0.05%	112,351	305,695	34.73%	94.15%
12/31/16	0.05%	143,518	323,526	46.03%	92.23%
12/31/15	0.06%	15,893	311,806	5.06%	99.00%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

TEN YEAR SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS & NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

As of December 31, 2022

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contribution as a Percentage of Covered-Employee Payroll
PERS:					
12/31/22	\$ 47,291	\$ 46,930	\$ (361)	\$ 411,225	11.41%
12/31/21	50,640	49,922	(718)	407,530	12.43%
12/31/20	47,373	47,097	276	386,721	12.18%
12/31/19	42,089	42,400	(311)	365,992	11.58%
12/31/18	35,531	35,748	(217)	307,786	11.61%
12/31/17	38,530	37,774	756	305,695	12.36%
12/31/16	41,634	42,058	(424)	323,526	13.00%
12/31/15	46,244	47,364	(1,120)	311,806	15.19%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. CHANGES OF BENEFIT TERMS:

There were no changes of benefit terms during any of the years presented.

2. CHANGES OF ASSUMPTIONS:

Inflation rate increased from 2.0% to 2.1% from December 31, 2020 to December 31, 2021.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2022

Agency Head: Rodney Hart, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 115,741
Benefits - insurance	27,161
Benefits - retirement	11,114
Benefits - cell phone	845
Car allowance	729
Membership dues	125
Conference travel	<u>160</u>
Total	<u>\$ 155,875</u>

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

To the Board of Commissioners
St. Tammany Parish Communications District No. 1
Covington, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Tammany Parish Communications District No. 1 (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 19, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
April 19, 2023

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

SCHEDULE OF FINDINGS

For the Year Ended December 31, 2022

I. SUMMARY OF AUDITORS' RESULTS

The type of report issued on the basic financial statements: Unmodified.

A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: None reported.

B. Material weaknesses: No.

C. Noncompliance which is material to the financial statements: No.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS: None.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2022

SECTION I – FINANCIAL STATEMENT FINDINGS

None.

SECTION II – MANAGEMENT LETTER COMMENTS

None.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Mr. John Evans, PT, Board Chairman of St. Tammany Parish Communications District No. 1, 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's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. St. Tammany Parish Communications District No. 1's management is responsible for those C/C areas identified in the SAUPs.

St. Tammany Parish Communications District No. 1 (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, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

I. *Written Policies and Procedures*

A. 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:

- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

We obtained the entity's policies on budgeting and noted no exceptions.

- ii. **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.

We obtained the entity's policies on purchasing and noted no exceptions.

- iii. **Disbursements**, including processing, reviewing, and approving.

We obtained the entity's policies on disbursements and noted no exceptions.

- iv. **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).

We obtained the entity's policies on receipts/collections and noted no exceptions.

- v. **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.

We obtained the entity's policies on payroll/personnel and noted no exceptions.

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

We obtained the entity's policies on contracting and noted no exceptions.

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

We obtained the entity's policies on travel and expense reimbursement and noted no exceptions.

- viii. **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).

We obtained the entity's policies on credit cards and noted no exceptions.

- ix. **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.

We obtained the entity's policies on ethics and noted no exceptions.

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

We obtained the entity's policies on debt service and noted no exceptions.

- x. **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.

We obtained the entity's policies on information technology disaster recovery/business continuity and noted no exceptions.

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

We obtained the entity's policies on sexual harassment and noted no exceptions.

2. Board or Finance Committee

- A. 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:
 - i. 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 of Commissioners met monthly with a quorum, without exception.

- ii. 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.

The Board of Commissioners minutes included the budget-to-actual comparisons as noted above, without exception.

- iii. 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.

N/A – there was no negative ending unassigned fund balance in the prior year.

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

N/A – There were no audit findings in the prior year.

3. Bank Reconciliations

- A. 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:

- i. 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);

Bank reconciliations included evidence that they were prepared within 2 months of the statement closing date, without exception.

- ii. 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

Noted proper segregation of duties for the responsibilities listed above, without exception.

- iii. 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.

Obtained documentation from management that they have researched all reconciling items greater than 12 months old, without exception.

4. Collections (excluding electronic funds transfers)

- A. 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).

Obtained listing of deposit sites for the fiscal period and management's representation that the listing is complete, without exception. Noted only 1 deposit site.

- B. 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:

Obtained listing of collection sites for the fiscal period and management's representation that the listing is complete, without exception. Noted only 1 collection site.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

- ii. 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- iii. 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- iv. 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- C. 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.

Per discussion with management, the entity does not have a bond or insurance policy covering theft of cash by employees responsible for cash collections. However, cash payments are not accepted methods of payment, only checks are accepted. Therefore, management does not consider a theft of cash policy to be necessary.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for "Bank Reconciliations" procedure #3A 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:

- i. Observe that receipts are sequentially pre-numbered.

N/A – the District does not utilize a system of sequentially pre-numbered receipts.

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

Examined collection documentation for 2 deposits tracing each to the deposit slip, without exception.

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

Examined deposit slips for 2 deposits tracing each to the bank statement, without exception.

- iv. 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).

Examined 2 deposits noting each was deposited within the time frame noted above, without exception.

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

Examined 2 deposits per the bank statements tracing each to recording in the general ledger, without exception.

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

- A. 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).

Obtained listing of locations that process payments for the fiscal period and management's representation that the listing is complete, without exception. Noted only 1 location that processes payments.

- B. For each location selected under procedure #5A 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:

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

- ii. At least two employees are involved in processing and approving payments to vendors.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- iii. 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- iv. 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Noted proper segregation of duties for the responsibilities listed above, without exception.

C. For each location selected under procedure #5A 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:

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

Examined 5 disbursements noting each matched the original invoice, without exception.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Noted proper segregation of duties for each of the disbursements examined, without exception.

D. Using the entity's main operating account and the month selected in "Bank Reconciliations" procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

Noted proper approval and authorization for all electronic disbursements examined, without exception.

6. Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

Obtained complete listing of all active credit cards for the fiscal period and management's representation that the listing is complete, without exception.

B. 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:

- i. 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.

Noted each statement examined showed evidence of review and approval by appropriate personnel, without exception.

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

Noted no finance charges or late fees assessed on the statements examined.

- C. Using the monthly statements or combined statements selected under procedure #6B 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.

Examined 11 transactions in total from 2 credit cards selected, noting proper supporting documentation, without exception.

7. Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. 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:

- i. 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).

Noted all per diem reimbursements were in accordance with the U.S. General Services Administration of the State, without exception.

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

N/A - all expenses examined were reimbursed using a per diem.

- iii. 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 Policies and Procedures" procedure # 1A(vii).

Noted each reimbursement was supported by proper documentation, without exception.

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

Noted each reimbursement examined showed evidence of review and approval by appropriate personnel, without exception.

8. Contracts

- A. 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:

- i. 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.

N/A – no contracts examined fell under the requirements of the Louisiana Public Bid Law.

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

Noted all contracts examined that required approval by the Board of Commissioners was approved, without exception.

- iii. 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).

N/A – no contracts examined were amended during the fiscal year.

- iv. 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.

Noted all payments examined agreed to the terms of the applicable contract, without exception.

9. Payroll and Personnel

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

Obtained complete listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete, without exception.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

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

Noted each employee examined documented their daily attendance and leave, without exception.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Noted the attendance and leave for all employees examined was approved by a supervisor, without exception.

- iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Noted all leave accrued or taken was properly reflected in the entity's cumulative records, without exception.

- iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Noted authorized salary/pay rate for each employee tested agreed to their personnel file, without exception.

- C. 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.

N/A - per management, there were no termination payments made during the fiscal period.

- D. 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.

Per discussion with management, all employer and employee portions of third-party payroll related amounts have been paid, and any associated forms filed, by the required deadline, without exception.

10. **Ethics**

- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A above, obtain ethics documentation from management, and:

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

Noted each employee examined completed the required ethics training during the fiscal period, without exception.

- ii. 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.

N/A - Per discussion with management, there were no changes to the entity's ethics policies during the fiscal period.

- B. Inquire whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Observed that the agency has appointed an ethics designee, without exception.

11. **Debt Service**

- A. 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.

N/A - the district issued no debt during the fiscal period.

- B. 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).

The District has 1 outstanding bond in the current year. Reviewed the debt covenant, reserve balance, and payments made during the year, noted no exceptions.

12. Fraud Notice

- A. 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.

N/A - per management there was no misappropriation of public funds or assets during the period.

- B. 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.

Observed the required notice on the District's website and premises, without exception.

13. Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedures and discussed the results with management."
- i. 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 (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedures and discussed the results with management, noting no exceptions.

- ii. 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 procedures and discussed the results with management, noting no exceptions.

- iii. 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 procedures and discussed the results with management, noting no exceptions.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C above. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Observed that all terminated employees were removed and disabled from the network, without exception.

14. Sexual Harassment

- A. 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.

Noted each employee examined completed the required sexual harassment training during the calendar year, without exception.

- B. 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).

Observed the sexual harassment policy and complaint procedure posted on the District's website, without exception.

- C. 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:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Obtained the District's annual sexual harassment report for the fiscal period noting the report was dated prior to February 1 and all applicable requirements are included, without exception.

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.

KUSHNER LAGRAIZE, L.L.C.

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Metairie, Louisiana
April 19, 2023