

**EAST BATON ROUGE  
COMMUNICATIONS DISTRICT**  
Baton Rouge, Louisiana

Financial Statements

Year Ended December 31, 2022

**EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT**

(A Component Unit of the City-Parish of East Baton Rouge)

**Baton Rouge, Louisiana**

**ANNUAL FINANCIAL STATEMENTS**

December 31, 2022

# EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

Jim Verlander, Director  
and the Board of Commissioners  
East Baton Rouge Parish Communications District

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Baton Rouge Parish Communications District (the District), a component unit of the City-Parish of East Baton Rouge, 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 governmental activities and major fund of the District, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's 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.

#### *Emphasis of Matter*

As described in Note 11 to the financial statements, the District restated the prior year financial statements to recognize prepaid expenses in the proper period. Our opinion is not modified with respect to this matter.

#### *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.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 Town'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 budgetary comparison information 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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
June 15, 2023

# EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

## STATEMENT OF NET POSITION

December 31, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,351,764
Accounts receivable	577,190
Due from other governments	361,046
Prepaid expenses	421,843
Capital assets:	
Non-depreciable	246,667
Depreciable, net	<u>5,797,376</u>
Total assets	<u>\$ 18,755,886</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 457,728
Accrued expenses	<u>184,406</u>
Total liabilities	<u>642,134</u>
<b>NET POSITION</b>	
Net investment in capital assets	6,044,043
Unrestricted	<u>12,069,709</u>
Total net position	<u>18,113,752</u>
Total liabilities and net position	<u>\$ 18,755,886</u>

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

**EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT**

**STATEMENT OF ACTIVITIES**

For the year ended December 31, 2022

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Public safety	\$ 6,852,052	\$ 6,021,792	\$ -	\$ -	\$ (830,260)
General revenues:					
Intergovernmental					3,006,121
Interest earnings					46,935
Total general revenues					<u>3,053,056</u>
Change in net position					2,222,796
Net position - beginning of year, as restated					<u>15,890,956</u>
Net position - end of year					<u>\$ 18,113,752</u>

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

## EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

### BALANCE SHEET GOVERNMENTAL FUNDS

December 31, 2022

	<b>General Fund</b>	<b>Capital Project Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,351,764	\$ -	\$ 11,351,764
Accounts receivable	577,190	-	577,190
Due from other governments	361,046	-	361,046
Due from other funds		4,559,454	4,559,454
Prepaid expenses	421,843	-	421,843
Total assets	<u>\$ 12,711,843</u>	<u>\$ 4,559,454</u>	<u>\$ 17,271,297</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 457,728	\$ -	\$ 457,728
Accrued expenses	184,406	-	184,406
Due to other funds	4,559,454	-	4,559,454
Total liabilities	5,201,588	-	5,201,588
<b>FUND BALANCE</b>			
Nonspendable	421,843	-	421,843
Committed		4,559,454	4,559,454
Unassigned	7,088,412	-	7,088,412
Total fund balance	7,510,255	4,559,454	12,069,709
Total liabilities and fund balance	<u>\$ 12,711,843</u>	<u>\$ 4,559,454</u>	<u>\$ 17,271,297</u>

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

**EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

December 31, 2022

Total fund balances - governmental funds (Exhibit A-2)	\$ 12,069,709
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>6,044,043</u>
Net position of governmental activities (Exhibit A)	<u>\$ 18,113,752</u>

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

**EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

For the year ended December 31, 2022

	<b>General Fund</b>	<b>Capital Project Fund</b>	<b>Total</b>
<b>REVENUES</b>			
Charges for services:	\$ 6,021,792	\$ -	\$ 6,021,792
Intergovernmental revenues	3,006,121	-	3,006,121
Interest earnings	46,935	-	46,935
Total revenues	<u>9,074,848</u>	<u>-</u>	<u>9,074,848</u>
<b>EXPENDITURES</b>			
Current function:			
Public safety:			
Intergovernmental agreements for services	3,508,709	-	3,508,709
Communication equipment maintenance	1,886,519	-	1,886,519
Salaries and benefits	375,061	-	375,061
Professional and contractual services	162,568	-	162,568
Insurance	41,791	-	41,791
Office supplies	21,953	-	21,953
Travel and training	4,908	-	4,908
Capital outlay	<u>48,370</u>	<u>246,667</u>	<u>295,037</u>
Total expenditures	<u>6,049,879</u>	<u>246,667</u>	<u>6,296,546</u>
Excess (deficiency) of revenues over expenditures	3,024,969	(246,667)	2,778,302
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	4,806,121	4,806,121
Transfers out	<u>(4,806,121)</u>	<u>-</u>	<u>(4,806,121)</u>
Total other financing sources (uses)	<u>(4,806,121)</u>	<u>4,806,121</u>	<u>-</u>
Net change in fund balance	(1,781,152)	4,559,454	2,778,302
<b>FUND BALANCE</b>			
Beginning of year, as restated	<u>9,291,407</u>	<u>-</u>	<u>9,291,407</u>
End of year	<u>\$ 7,510,255</u>	<u>\$ 4,559,454</u>	<u>\$ 12,069,709</u>

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

**EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2022

Net change in fund balance - total governmental funds (Exhibit A-4)	\$ 2,778,302		
The change in net position reported for governmental activities in the statement of activities is different because:			
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.</p>			
Capital outlay	295,037		
Depreciation expense	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 50%; text-align: right;">(850,543)</td> <td style="border-bottom: 1px solid black; width: 50%; text-align: right;">(555,506)</td> </tr> </table>	(850,543)	(555,506)
(850,543)	(555,506)		
Change in net position of governmental activities (Exhibit A-1)	<u>\$ 2,222,796</u>		

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

**EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT**

Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****General Information**

The East Baton Rouge Parish Communications District (the District) is a political subdivision of the State of Louisiana. It was created in 1986 by the Metropolitan Council of the City-Parish of East Baton Rouge (City-Parish) by adopting Ordinance No. 8148 on May 14, 1986 pursuant to La. R.S. 33:9101 et seq. The District is governed by a seven member Board of Commissioners, and is funded by the 911 surcharges collected on land and wireless telephone services that originate within East Baton Rouge Parish. The District maintains and operates the Parish 911 emergency telephone system, and serves as the Parish's primary Public Safety Answering Point (PSAP). Like many communication districts in the State, the District has adopted the "transfer method" of handling 911 calls, meaning it receives telephone requests for emergency services and directly transfers such requests to an appropriate public safety agency or other providers of emergency services.

**Statement Presentation**

The District's basic financial statements consist of the government-wide statements of the primary government (the District) and the fund financial statements (the General Fund and Capital Project Fund). The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

**Reporting Entity**

As stated previously, the District was created by an ordinance passed by the City-Parish in 1986. While the District has separate corporate powers that distinguish it as being legally separate from the City-Parish, the City-Parish does determine the majority of the District's governing body. For this reason, the District is included as a discretely presented component unit of the City-Parish.

GASB Statement No. 61, *The Reporting Entity*, established criteria for determining which component units should be considered part of the District for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the City-Parish, the general government services provided by that governmental unit, or the other governmental units that comprise the City-Parish financial reporting entity.

As required by generally accepted accounting principles, these financial statements present the District only; there are no component units to be included either blended within the District's funds or discretely presented in these financial statements.

### **Government-wide Financial Statements**

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all non-fiduciary activities of the District. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental activities generally are financed through charges for services as noted above.

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

### **Fund Financial Statements**

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. The District consists of two governmental funds, the General Fund and Capital Project Fund.

### ***Governmental Fund Types***

Governmental funds are those through which governmental functions of the District are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the District are accounted for through governmental funds. Measurement is focused upon determining changes in financial position rather than net income. The following are the governmental fund types of the District:

**General Fund** - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is always a major fund.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Governmental Fund Types (continued)*

**Capital Project Fund** - The capital project fund is used to account for the resources related to the funding of various capital projects of the District. It is primarily funded through transfers from the District's general fund, which are approved through the budget process. As a result, any residual fund balance at the end of the fiscal year is presented as committed fund balance. The District has chosen to present the capital project fund as a major fund.

### **Basis of Accounting and Measurement Focus**

#### *Government-wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Charges for services are recognized in the year to which the service relates to.

#### *Fund Financial Statements*

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services and most other governmental revenues are recorded as earned since they are measurable and available.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except (1) unmatured interest on general long-term debt, which is recognized when due, and (2) claims and judgments and compensated absences, which are recorded as expenditures in the governmental fund when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

### **Cash and Cash Equivalents**

Cash includes amounts in demand deposit accounts, interest-bearing demand deposit accounts, and money market accounts. Cash equivalents include amounts in savings and time deposits and certificates of deposit with original maturities of ninety days or less. Certificates of deposit with maturities of more than ninety days are classified as investments.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Cash and Cash Equivalents (continued)**

The investment policy of the District is governed by state statutes that include depository and custodial contract provisions. The District invests funds in accordance with La. R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, and fully-collateralized interest-bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the District has a custodial agreement.

### **Accounts Receivable**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Generally, these consist of charges for services from telephone carriers related to the current fiscal year which are received in the following fiscal year. At year-end there were no receivables outstanding for more than 90 days and there was no allowance for doubtful accounts. For governmental activities, uncollectible amounts are charged directly to the revenue reported when known.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Generally, these amounts consist of annual maintenance and support contracts for various communications equipment that are paid in advance.

### **Capital Assets**

#### *Government-wide Statements*

The accounting treatment of property, plant, equipment, and infrastructure assets (capital assets), are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized at completion of the construction projects. The District's capitalization policy stipulates a capitalization threshold of \$1,000.

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

Depreciation of all exhaustible capital assets, other than land, is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Capital Assets (continued)

#### *Government-wide Statements (continued)*

The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements	15 - 20 years
Furniture and fixtures	5 - 10 years
Communications and computer equipment	3 - 10 years

#### *Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are not capitalized. Instead, capital acquisition and construction are reflected as capital outlay expenditures in the governmental funds.

### Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position - consist of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors. The District has no restricted net position at year end.
- Unrestricted - all other net position is reported in this category.

### Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. The District had \$421,843 in nonspendable fund balance at December 31, 2022 related to prepaid expenses.
- Restricted - Amounts that can be spent only for specific purposes because of the District Charter, the District Code, state or federal laws, or externally imposed conditions by grantors or creditors. The District has no restricted fund balance at year end.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by a resolution of the Board of Commissioners (the District's highest level of decision-making authority). This includes the budget reserves. At year-end, the District's committed fund balance consisted of the remaining fund balance in the capital project fund, which was funded through transfers from the general fund and authorized with the budget resolution.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Governmental Fund Balances (continued)

- Assigned - Amounts that are designated by the Chairperson for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Commission. The District has no assigned fund balance at year end.
- Unassigned - All amounts not included in other spendable classifications.

### Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

### Budget Policy and Budgetary Accounting

#### *Policy and Practice*

The District director submits an annual budget for the General Fund to the Board of Commissioners in accordance with Louisiana Local Government Budget Act. The budget is presented to the Commissioners for review, and public hearings are held to address the proposed appropriations. Once approved and adopted by the commissioners, the commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

#### *Basis of Budgeting*

The General Fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by function. Budget revisions at this level are subject to final review by the Board of Commissioners. The legal level of control is by function within the General Fund. Expenditures may not exceed appropriations at this level. Various amendments to the budget were made throughout the year.

The General Fund budget is prepared on the modified accrual basis. The budget and actual financial statement is reported on this basis. Unencumbered appropriations for annual budgeted funds lapse at fiscal year-end.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfund Activity**

Interfund activity is reported as due from/to other funds, or transfers, depending on the nature of transaction and expectation of reimbursement. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**Subsequent Events**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through June 15, 2023, which was the date the financial statements were available to be issued.

**NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**Cash and cash equivalents**

At December 31, 2022, the carrying amount and the related bank balance of the District's deposits \$11,351,764.

**Collateralization**

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution.

The above stated bank balances of cash and cash equivalents are collateralized as follows:

	<u>Bank Balance</u>
Federal deposit insurance (FDIC)	\$ 250,000
Pledged securities	<u>11,101,764</u>
Total bank balance	<u>\$ 11,351,764</u>

(Continued)

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended December 31, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 246,667	\$ -	\$ 246,667
Capital assets being depreciated:				
Buildings and improvements	6,285	-	-	6,285
Communications and computer equipment	10,462,016	48,370	-	10,510,386
Total capital assets being depreciated	<u>10,468,301</u>	<u>48,370</u>	<u>-</u>	<u>10,516,671</u>
Less accumulated depreciation for:				
Buildings and improvements	-	(314)	-	(314)
Communications and computer equipment	(3,868,752)	(850,229)	-	(4,718,981)
Total accumulated depreciation	<u>(3,868,752)</u>	<u>(850,543)</u>	<u>-</u>	<u>(4,719,295)</u>
Total capital assets being depreciated, net	<u>6,599,549</u>	<u>(802,173)</u>	<u>-</u>	<u>5,797,376</u>
Total governmental activities capital assets, net	<u>\$ 6,599,549</u>	<u>\$ (555,506)</u>	<u>\$ -</u>	<u>\$ 6,044,043</u>

Depreciation expense of \$850,543 was charged to the public safety function within governmental activities.

**NOTE 4 - INTERFUND TRANSACTIONS**

The balances of interfund receivables and payables represent funds committed and “transferred” from the General Fund balance to the Capital Project Fund balance that are still remaining in the District’s general fund cash account. At December 31, 2022, the General Fund was holding cash in the amount of \$4,559,454 that has been committed to the Capital Project Fund.

During 2022, there were significant interfund transfers from the General Fund to the Capital Project Fund totaling \$4,806,121 that are not expected to recur on an annual basis, consisting of:

- \$3,006,121 in funds that were previously held in the primary government’s capital project fund on behalf of the District. These funds were transferred back into the District’s General Fund during 2022 and are reflected as intergovernmental revenues on the Statement of Activities. The District’s General Fund subsequently transferred these funds into a new Capital Project Fund to fund future projects.
- \$1,800,000 was transferred from the District’s General Fund and into the Capital Project Fund to assist in funding a backup call center and costs related to constructing and/or leasing a communication tower in the northern part of the Parish.

**NOTE 5 - RETIREMENT PLAN**

The District offers a 401(a) defined contribution retirement plan to full-time District employees meeting eligibility requirements. The plan currently only allows rollover contributions from other qualified retirement plans, along with an annual employer contribution equal to 10% of salary. The District's total employer contribution was \$24,124 for 2022.

**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

**Contract commitments**

The District is currently in the process of upgrading to a cloud-based 911 phone system. The total estimated cost of the implementation is approximately \$434,000, to be billed as work progresses when certain project milestones are achieved. As of December 31, 2022, the District had paid approximately \$239,000 on the contract, leaving a remaining balance of approximately \$195,000 at year-end.

Subsequent to year-end, the District entered into a lease agreement for space that will house the backup call center referenced above. The lease term is 62 months, and contains an option to renew for up to two consecutive additional terms of 60 months each. The monthly rent ranges from \$10,689 to \$11,657 per month, with annual rent ranging from \$128,265 to \$139,888 per year. After lease commencement, the right of use asset and corresponding lease liability will be reflected on the District's Statement of Net Position.

**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; employee health and life; and natural disasters. The District has purchased various insurance policies to cover such risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

(Continued)

**NOTE 7 - SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**

The schedule of compensation, benefits, and other payments to the Director during 2022 is as follows:

**Agency Head:** Mr. Jim Verlander, Director

Purpose	Amount
Salary	\$ 111,240
Benefits - retirement	11,124
Car allowance	12,000
Phone allowance	1,200
Employer social security taxes	7,715
Employer medicare taxes	1,804
Conference travel	360
Conference registration fees	924
Total	\$ 146,367

**NOTE 8 - COMPENSATION TO THE GOVERNING BODY**

The District’s Board of Commissioners do not receive compensation.

**NOTE 9 - INTERGOVERNMENTAL TRANSACTIONS**

As discussed in Note 1, the District is a discretely presented component unit of the City-Parish. As such, transactions between the District and the City-Parish are not reported as interfund transactions but are instead reflected as external transactions (revenues and expenditures). The District has entered into an intergovernmental agreement (IGA) with the City-Parish for various contracts and services, primarily with the City-Parish Department of Emergency Medical Services (EMS) for personnel services. The transactions between the District and other governmental agencies as of and for the year ended December 31, 2022 are as follows:

- At year-end, the District’s Due from other governments of \$361,046 consisted of:
  - 4<sup>th</sup> quarter prepaid wireless fees receivable from the State of Louisiana (\$226,334),
  - A receivable from the City-Parish representing refundable advances related to the 2022 IGA referenced above (\$130,523), and
  - A receivable from a City-Parish agency related to reimbursement for various software costs (\$4,189).
- At year-end, accounts payable and accrued expenses contained \$283,971 in amounts owed back to the City-Parish for:
  - \$273,958 for the final monthly installment of the 2022 IGA referenced above, and
  - \$10,013 for various information services and IT support.

(Continued)

**NOTE 9 - INTERGOVERNMENTAL TRANSACTIONS (CONTINUED)**

- At year-end, accrued expenses included \$67,163 and \$108,703 owed to the City of Baker and East Baton Rouge Parish Sheriff’s Office, respectively, in connection with PSAP support for the second half of 2022.
- For 2022, the District’s intergovernmental revenues of \$3,006,121 related to funds that were previously held in the City-Parish’s capital project fund on behalf of the District. These funds were transferred back into the District’s General Fund during 2022 and are reflected as intergovernmental revenues on the Statement of Activities.
- For 2022, the District’s intergovernmental expenditures consisted of:
  - \$3,156,977 paid to the City-Parish EMS department for personnel services in conjunction with the IGA referenced above,
  - \$183,143 reimbursement to City-Parish for a communication equipment service contract included in the IGA referenced above,
  - \$11,213 paid to the City-Parish for IT support, and
  - \$134,326 and 217,406 to the City of Baker and East Baton Rouge Parish Sheriff’s Office, respectively, in connection with PSAP support.

**NOTE 10 - COMMUNICATIONS DISTRICT WIRELESS E911 SERVICE**

Act 1029 of the 1999 Louisiana Legislative Session authorizes the parish governing authority of a communication district to levy an emergency telephone service charge on wireless communications systems to pay the costs of implementing FCC ordered enhancements to the E911 system. The act further requires that governing authorities disclose in the audited financial statements information on the revenues derived from the service charge, the use of such revenues, and the status of implementation of wireless E911 service. The East Baton Rouge Parish Communications District Board of Commissioners enacted Resolution No. 001/2000 on March 17, 2000, assessing an emergency telephone service charge of \$0.50 per month per wireless Commercial Mobile Radio Service (CMRS) user. In 2006, the fee was increased to \$0.85 per month by the Communications District Board. In 2010, Act 531 of the 2009 Louisiana Legislative Session authorized the addition of a 4% service charge to prepaid wireless telecommunication services which is distributed among the communication districts in the state by the Louisiana Department of Revenue after collection of an administrative cost. In 2022, \$3.5 million and \$920,000 was collected for wireless and prepaid wireless fees, respectively, making up approximately 74% of the District’s total revenues. These fees are used to cover wireless 911 maintenance, technological upgrades, and other operating expenses. The wireless 911 system is fully implemented and operational.

**NOTE 11 - PRIOR PERIOD ADJUSTMENT**

During 2022, the District recorded a prior period adjustment to recognize prepaid expenses as of December 31, 2021, which had the following effect on beginning balances:

	Governmental activities net position	Governmental fund balance
December 31, 2021, as previously reported	\$ 15,596,629	8,997,080
Increase related to recording of prepaid expenses	<u>294,327</u>	<u>294,327</u>
January 1, 2022, as restated	<u>\$ 15,890,956</u>	<u>\$ 9,291,407</u>

## EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the year ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance positive (negative)
<b>REVENUES</b>				
Charges for services:	\$ 6,075,000	\$ 6,050,000	\$ 6,021,792	\$ (28,208)
Intergovernmental revenues	-	3,006,121	3,006,121	-
Interest earnings	50,000	25,000	46,935	21,935
Total revenues	<u>6,125,000</u>	<u>9,081,121</u>	<u>9,074,848</u>	<u>(6,273)</u>
<b>EXPENDITURES</b>				
Current function:				
Public safety:				
Intergovernmental agreements for services	3,652,500	3,652,500	3,508,709	143,791
Communication equipment maintenance	1,657,000	1,924,500	1,886,519	37,981
Salaries and benefits	397,119	397,369	375,061	22,308
Professional and contractual services	210,000	160,000	162,568	(2,568)
Insurance	45,000	45,000	41,791	3,209
Office occupancy and supplies	140,800	31,800	21,953	9,847
Travel and training	21,000	3,000	4,908	(1,908)
Capital outlay	-	77,000	48,370	28,630
Total expenditures	<u>6,123,419</u>	<u>6,291,169</u>	<u>6,049,879</u>	<u>241,290</u>
Excess (deficiency) of revenues over expenditures	1,581	2,789,952	3,024,969	235,017
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,800,000)</u>	<u>(4,806,121)</u>	<u>(4,806,121)</u>	-
Net change in fund balance	(1,798,419)	(2,016,169)	(1,781,152)	235,017
<b>FUND BALANCE</b>				
Beginning of year, as restated	<u>7,479,676</u>	<u>8,997,080</u>	<u>9,291,407</u>	<u>294,327</u>
End of year	<u>\$ 5,681,257</u>	<u>\$ 6,980,911</u>	<u>\$ 7,510,255</u>	<u>\$ 529,344</u>

## EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

## CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the year ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
<b>EXPENDITURES</b>				
Capital outlay	\$ 1,800,000	\$ 525,455	\$ 246,667	\$ 278,788
Excess (deficiency) of revenues over expenditures	(1,800,000)	(525,455)	(246,667)	278,788
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,800,000	4,806,121	4,806,121	-
Net change in fund balance	-	4,280,666	4,559,454	278,788
<b>FUND BALANCE</b>				
Beginning of year	697,836	-	-	-
End of year	<u>\$ 697,836</u>	<u>\$ 4,280,666</u>	<u>\$ 4,559,454</u>	<u>\$ 278,788</u>

## **EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2022

#### **NOTE 1 - BUDGETS**

##### **Budget Policy and Budgetary Accounting**

A proposed budget is prepared and submitted by the Director of the District prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the modified accrual basis, covers the General Fund and Capital Project Fund. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the governing board and are included in the financial statements.

In connection with budget preparation, a portion of the unreserved fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund as reflected in the legally adopted budget.

##### **Basis of Accounting**

The District's budget is prepared on the modified accrual basis of accounting as described in Note 1 to the District's financial statements for the year ended December 31, 2022.

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S 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*

Jim Verlander, Director  
and the Board of Commissioners  
East Baton Rouge Parish Communications District

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 the governmental activities and each major fund of the East Baton Rouge Parish Communications District, (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 June 15, 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 opinions 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. 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 is 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
June 15, 2023

East Baton Rouge Parish Communications District  
East Baton Rouge, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2022

Part I. Current Year Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

There are no findings to be reported under this section.

B. Compliance Findings –

There are no findings to be reported under this section.

Part II. Prior Year Findings which were required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

There were no findings reported under this section.

B. Compliance Findings –

There were no findings reported under this section.

**East Baton Rouge Parish Communications District**  
East Baton Rouge Parish, Louisiana

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2022 through December 31, 2022

# KOLDER, SLAVEN & COMPANY, LLC

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

Mr. Jim Verlander, Director  
And the Board of Commissioners  
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. East Baton Rouge Parish Communications District (the District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 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:

### *Written Policies and Procedures*

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards)**, 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).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

---

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

### ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include written evidence that a member of management or a 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
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
  - a) Employees responsible for cash collections do not share cash drawers/registers;
  - b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedures #3 (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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) Observe that 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

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- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
  - 9. For each location selected under procedure #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
    - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
    - b) At least two employees are involved in processing and approving payments to vendors;
    - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
    - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
    - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and
    - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and
    - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
  - 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, 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 (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

### ***Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)***

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12. 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.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
  - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #13 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 (e.g. each card should have 10 transactions subject to inspection). For each transaction, observe that 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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15. 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 and 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:
  - a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - c) Observe that 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 #1g); and
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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16. 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

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- c) If the contract was amended (e.g., change order), observe that 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, the documented approval); and
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

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17. 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.
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.);
  - b) Observe whether supervisors approved the attendance and leave of the selected employees/officials;
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
19. 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 and 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 official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
20. 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.

### ***Ethics***

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21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 obtain ethics documentation from management, and:
  - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

### ***Debt Service***

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23. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
24. 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).

### ***Fraud Notice***

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25. 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 as required by R.S. 24:523.
26. Observe that 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.

### ***Information Technology Disaster Recovery/Business Continuity***

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27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
  - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence 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.
  - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

### ***Prevention of Sexual Harassment***

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29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
30. Observe that 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).

31. 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 that the report includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
  - b. Number of sexual harassment complaints received by the agency;
  - c. Number of complaints which resulted in a finding that sexual harassment occurred;
  - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e. Amount of time it took to resolve each complaint.

***Findings:***

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No exceptions were found as a result of procedures list above with the exception of:

**Written Policies and Procedures**

*The District's does not have written policies and procedures.*

**Board Minutes**

*The District's Board did not have a quorum for 4 of the meetings during fiscal year.*

**Fraud Notice**

*The District does not have a fight fraud link on its website.*

**Prevention of Sexual Harassment**

*The District does not have its sexual harassment policy and compliance procedures on its website.*

*The District did not prepare the required sexual harassment report.*

***Management's Response:***

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The District concurs with the exceptions and is working to address the deficiencies identified.

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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
June 15, 2023