



**Caddo Parish Communications
District Number One**

A Component Unit of the Caddo Parish Commission

FINANCIAL STATEMENTS

December 31, 2023

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INDEPENDENT AUDITOR’S REPORT

Members of the Board of Commissioners
Caddo Parish Communications District Number One

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Caddo Parish Communications District Number One (the “District”), a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2023, 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 the general fund of the Caddo Parish Communications District Number One as of December 31, 2023, and the respective changes in financial position thereof 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 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 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 on pages 4 through 9 and the Budgetary Comparison Schedule - General Fund on pages 34 through 35 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 Supplementary Information in Accordance with Louisiana Revised Statute 33:9109E and the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 Supplementary Information in Accordance with Louisiana Revised Statute 33:9109E and the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024 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 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana
May 21, 2024



REQUIRED SUPPLEMENTARY INFORMATION



Caddo Parish Communications District Number One Management's Discussion and Analysis (unaudited)

Our discussion and analysis of Caddo Parish Communications District Number One's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the District's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

The District's net position decreased by \$864,207 or 7.4%.

The District's total general revenues were \$4,399,503 in 2023 compared to \$4,467,328 in 2022.

During the year ended December 31, 2023, the District total expenses, excluding depreciation and amortization of \$1,486,074, of \$3,888,453 compared to total expenses, excluding depreciation and amortization of \$1,509,324, of \$3,842,192, for the year ended December 31, 2022.

As of December 31, 2023, the assets of the District exceeded liabilities and deferred inflows of resources by \$10,868,937; \$6,112,566 or 56.2% of net position are invested in capital assets while \$4,756,371 or 43.8% of net position are unrestricted and may be used at the District's discretion to meet on going obligations to the citizens.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related

Caddo Parish Communications District Number One Management's Discussion and Analysis (unaudited)

cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund - General Fund, which is a governmental fund.

- *Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Change in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities and deferred inflows of resources by \$10,868,937 as of December 31, 2023, compared to \$11,733,144 at the end of the previous year.

The District's net position totaling \$6,112,566 is in its investment in capital assets. The District uses these capital assets in the execution of its duties; consequently, these assets are not available for future spending. The investment in capital assets has been reduced by the amount of outstanding debt, the proceeds of which were used in the construction or purchase of the assets, and lease obligations.

Caddo Parish Communications District Number One Management's Discussion and Analysis (unaudited)

**Table 1
Net Position**

<i>December 31,</i>	Governmental activities	
	2023	2022
Current and other assets	\$ 6,871,283	\$ 7,868,303
Capital assets, net	16,969,516	17,760,667
Total assets	23,840,799	25,628,970
Current and other liabilities	159,907	133,286
Long-term liabilities (including current portion)	10,890,000	11,575,000
Lease obligations	1,665,864	1,810,850
Total liabilities	12,715,771	13,519,136
Deferred inflows of resources - leases	256,091	376,690
Net position		
Net investment in capital assets, net of related debt	6,112,566	6,073,886
Unrestricted	4,756,371	5,659,258
Total net position	\$ 10,868,937	\$ 11,733,144

The balance of unrestricted net position of \$4,756,371, at December 31, 2023, is used to meet the District's ongoing obligations to citizens.

Governmental activities decreased the District's net position by \$864,207 for the year ended December 31, 2023, which was a 7.4% decrease in net position, compared to a decrease of \$884,188 for the year ended December 31, 2022, which was a 7.0% decrease in net position. Key elements of the increases are as follows:

Caddo Parish Communications District Number One Management's Discussion and Analysis (unaudited)

Table 2
Changes in Net Position

<i>For the year ended December 31,</i>	Governmental activities	
	2023	2022
Program revenues:		
Charges for services	\$ 110,817	\$ 189,349
Revenues-general:		
Telephone tariffs	4,080,779	4,186,011
Other	318,724	91,968
Total revenues	4,510,320	4,467,328
Expenses:		
Public safety	5,374,527	5,351,516
Increase (decrease) in net position	(864,207)	(884,188)
Net position, beginning of year	11,733,144	12,617,332
Net position, end of year	\$ 10,868,937	\$ 11,733,144

Total revenues increased \$42,992 (1.0%) from 2022 to 2023. Total expenses increased \$23,011 (0.4%) from 2022 to 2023.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

- As of the close of the current fiscal year, the District's general fund reported an ending fund balance of \$6,378,600, a decrease of \$890,760 (12.3%) from the prior fiscal year. The fund balance is comprised of the following: nonspendable for \$201,215 representing prepaid assets; \$4,478,471 representing unassigned available for general purposes of the District; and \$1,698,914 representing unspent certificates of indebtedness from the 2021 debt issue that is to be used for capital improvements.

Caddo Parish Communications District Number One Management’s Discussion and Analysis (unaudited)

- The decrease in the fund balance for 2023 is largely due to the capital outlay of fixed asset additions of approximately \$808,173.

Budgetary Highlights

The original budget for the year ended December 31, 2023 for the District was adopted in December 2022. Two budget revisions were made during the year ended December 31, 2023. The District's budgetary comparison schedule is presented as required supplementary information and shown on Page 34. Actual revenues exceeded budgeted revenues by \$212,338. Actual expenditures were \$510,858 less than budgeted expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets as of December 31, 2023 amounts to \$16,969,516 (net of accumulated depreciation and amortization) compared to \$17,760,667 at December 31, 2022. This investment in capital assets includes land, building and improvements, furniture and equipment, and right-of-use assets. During 2023, the District added \$694,923 in capital assets which were offset by \$1,486,074 in current year depreciation and amortization. Additions of capital assets during 2023 represents expenditures for 911 system upgrades. For additional information regarding capital assets, see Note 3 to the basic financial statements.

Long-Term debt: At December 31, 2023, the District had total debt outstanding of \$10,890,000 compared to \$11,575,000 at December 31, 2022. The following table summarizes debt outstanding at December 31, 2023 and 2022:

**Table 3
Outstanding Debt**

<i>December 31,</i>	2023	2022
Certificates of indebtedness	\$ 10,890,000	\$ 11,575,000

For additional information regarding long-term debt, see Note 5 to the basic financial statements.

Lease Obligations: The District recognized lease obligations totaling \$1,665,864 at December 31, 2023, compared to \$1,810,850 at December 31, 2022. The following table summarizes the lease obligations outstanding at December 31, 2023:

**Caddo Parish Communications District Number One
Management’s Discussion and Analysis (unaudited)**

**Table 4
Outstanding Lease Obligations**

<i>December 31,</i>	Balance January 1, 2023	Retirements or Payments	Balance December 31, 2023
Lease obligations	\$ 1,810,850	\$ (144,986)	\$ 1,665,864

For additional information regarding lease obligations, see Note 5 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In preparing the budget for the fiscal year 2024, historical data was used to estimate revenue projections and expenditures. Expenditures for operating activities for 2024 are expected to substantially be the same as 2023. Expenditures for capital improvements are expected to be approximately \$1,654,825 for 911 system upgrades and approximately \$1,811,477 for facility refresh improvements. Revenues are expected to be substantially the same as 2023.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tommy Mazzone, Executive Director, or by calling (318) 675-2222.



BASIC FINANCIAL STATEMENTS



Caddo Parish Communications District Number One
Statement of Net Position

<i>December 31,</i>	2023
Assets	
Cash and cash equivalents	\$ 1,746,371
Investments	2,354,454
Accounts receivable	668,557
Lease receivables	201,772
Prepaid assets	201,215
Restricted cash	1,698,914
Capital assets	
Land	498,307
Construction in progress	933,252
Depreciable, net	13,944,714
Right-of-use lease assets, net	1,593,243
Total assets	23,840,799
Liabilities	
Accounts payable	102,063
Interest payable	25,438
Accrued expenses	32,406
Non-current liabilities	
Due within one year	705,000
Due in more than one year	10,185,000
Lease obligations	
Due within one year	137,564
Due in more than one year	1,528,300
Total liabilities	12,715,771
Deferred Inflows of Resources	
Deferred inflows related to leases	256,091
Total deferred inflows of resources	256,091
Net position	
Net investment in capital assets	6,112,566
Unrestricted	4,756,371
Total net position	\$ 10,868,937

The accompanying notes are an integral part of these financial statements.

Caddo Parish Communications District Number One
Statement of Activities

For the year ended December 31, 2023

Functions/Programs	Expenses	Program Revenues Charges for services	Net (expense) revenue and changes in net position
Governmental activities			
Public safety	\$ 4,997,722	\$ 110,817	\$ (4,886,905)
Interest expense and related charges	376,805	-	(376,805)
Total governmental activities	\$ 5,374,527	\$ 110,817	(5,263,710)
General revenues			
Telephone tariffs			4,080,779
Tower lease income			122,893
Insurance recoveries			84,819
Interest and investment earnings (loss)			94,328
Miscellaneous			16,684
Total general revenues			4,399,503
Change in net position			(864,207)
Net position, beginning of year			11,733,144
Net position, end of year			\$ 10,868,937

The accompanying notes are an integral part of these financial statements.

**Caddo Parish Communications District Number One
Balance Sheet - Governmental Funds**

<i>December 31,</i>	2023
Assets	
Cash and cash equivalents	\$ 1,746,371
Investments	2,354,454
Accounts receivable	566,434
Lease receivables	201,772
Prepaid assets	201,215
Restricted cash	1,698,914
Total assets	\$ 6,769,160
Liabilities, Deferred Inflows or Resources, and Fund Balances	
Liabilities	
Accounts payable	\$ 102,063
Accrued expenses	32,406
Total liabilities	134,469
Deferred inflows of resources	
Unavailable revenue - leases	256,091
Total deferred inflows of resources	256,091
Fund balances	
Nonspendable	201,215
Spendable:	
Restricted for capital improvements	1,698,914
Unassigned	4,478,471
Total fund balances	6,378,600
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,769,160

The accompanying notes are an integral part of these financial statements.

**Caddo Parish Communications District Number One
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position**

<i>December 31,</i>	2023
Total fund balances - governmental funds	\$ 6,378,600
Amounts reported for governmental activities in the statement of net position are different because:	
Service charges received for the fourth calendar quarter of the year are received too late to be considered current resources of the governmental fund, but are accrued in the statement net position.	102,123
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Governmental capital assets	33,565,257
Less accumulated depreciation	<u>(18,188,984)</u> 15,376,273
Right-of-use lease assets	1,957,807
Less accumulated amortization	<u>(364,564)</u> 1,593,243
Long-term liabilities and interest payable applicable to the District's governmental activities are not due and payable in the current period, and therefore, are not reported in the funds.	
Certificates of indebtedness	(10,890,000)
Interest payable	(25,438)
Lease obligations	<u>(1,665,864)</u> (12,581,302)
Net position of governmental activities	\$ 10,868,937

The accompanying notes are an integral part of these financial statements.

Caddo Parish Communications District Number One
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds

For the year ended December 31,

2023

Revenues

Telephone tariffs	\$	4,095,114
Tower lease income		122,893
Radio system and equipment fees		110,817
Insurance recoveries		84,819
Interest and investment earnings (loss)		94,328
Miscellaneous		16,684
Total revenues		4,524,655

Expenditures

Current-public safety		
Personnel services		1,140,935
Materials and supplies		30,445
Contracted services		2,227,020
Debt service		
Principal		685,000
Interest, fees, and charges		329,888
Principal on lease obligation		137,564
Interest on lease obligation		56,390
Capital outlay		
Equipment		468,965
Radio system enhancements		339,208
Total expenditures		5,415,415

Excess (deficiency) of revenues over (under) expenditures		(890,760)
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Fund balance, beginning of year		7,269,360
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Fund balance, end of year	\$	6,378,600
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The accompanying notes are an integral part of these financial statements.

**Caddo Parish Communications District Number One
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds to the Statement of Activities**

<i>For the year ended December 31,</i>	2023
Net change in fund balances - total governmental funds	\$ (890,760)
Amounts reported for governmental activities in the statement of activities are different because:	
Some revenues will not be collected within 60 days after the close of the District's fiscal year-end are not considered as "available" revenue in the governmental funds. In the statement of net position, presented on the full accrual basis, these revenues are recognized.	(14,333)
Governmental funds report capital outlays for fixed assets and lease right-of-use assets as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.	
Capital outlay additions	694,923
Depreciation expense	(1,303,792)
Amortization of right-of-use lease assets	<u>(182,282)</u>
	(791,151)
Repayment of long-term debt principal and lease obligations is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.	
Repayment of long-term debt	685,000
Repayment of lease obligation	<u>144,986</u>
	829,986
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	2,051
Change in net position of governmental activities	\$ (864,207)

The accompanying notes are an integral part of these financial statements.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Caddo Parish Communications District Number One (the "District") was created by the Caddo Parish Commission (the "Commission") by ordinance on September 25, 1985, as provided under Louisiana Revised Statute 33:9103. The District is comprised of property within the Parish of Caddo and is governed by a Board of Commissioners. The purpose of the District is to provide a primary three-digit emergency telephone number (911) and related support system for Caddo Parish.

Reporting Entity

The basic criterion for determining whether a governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

Parish Ordinance No. 4462 of 2006, which amended Section 21-668 of Ordinance No. 2291 of 1985, provides that four (4) board members be nominated by the Mayor of the City of Shreveport, which have been approved by the City Council; one (1) board member be nominated by the Caddo Parish Sheriff; and two (2) board members be appointed from electors outside the City of Shreveport by the Caddo Parish Commission. The Caddo Parish Commission, however, must approve all City and Sheriff nominees. The District constitutes a political subdivision of the State of Louisiana and is a component unit of the Caddo Parish Commission.

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the District are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities are normally supported by telephone tariffs and other nonexchange transactions.

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

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has only one fund, the General Fund, which is reported as a major fund and is used to account for all the activities of the District.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds. Separate financial statements are provided for governmental funds.

Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. The District reports one major governmental fund, the General Fund. The General Fund is the District's primary operating fund. It accounts for all financial resources of the District.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund. The appropriated budget is prepared by fund and function. Appropriations in the General Fund lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The Louisiana Local Government Budget Act provides that "the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the estimated fund balance at the beginning of the year and the anticipated revenues for the current year. The District may revise or amend the budget at their discretion.

The proposed budget for the calendar year 2023 was adopted on December 6, 2022.

Assets, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, and savings deposits. Cash equivalents include short term, highly liquid investments with original maturities of ninety (90) days or less when purchased. Under state law, the District may deposit funds in demand deposits or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Restricted cash represents unspent debt proceeds from the 2021 Certificates of Indebtedness issue. These proceeds are required to be used for capital improvements of the District, including its communications system.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Investments

Investments in money market investments, which consist of governmental money market mutual funds, and debt instruments of federal government agencies, are reported at amortized cost, which approximates market value. State statutes generally authorize the District to invest in direct United States Treasury obligations; indebtedness issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government); indebtedness issued or guaranteed by federally sponsored U.S. government agencies; time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana; or mutual or trust fund institutions which are registered with the Securities and Exchange Commission.

Accounts Receivable

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the receivable. At December 31, 2023, no allowance for doubtful accounts was established, as all amounts were considered collectible.

Lease Receivables

The District's lease receivables are measured at the present value of lease payments expected to be received during the lease term.

Prepaid Items

Prepaid assets include amounts paid for service in advance, and are shown as an asset until consumed. In addition, a corresponding amount of fund balance of the general fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

Capital Assets

Capital assets, which include property, plant, equipment, and right-of-use lease assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Capital Assets (continued)

Land and construction-in-progress are not depreciated. The other property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Capital asset classes	Lives
Building and improvements	10-30 years
Furniture and equipment	4-30 years

Deferred Inflows of Resources

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting as deferred inflows of resources. The deferred inflows related to leases are associated with amounts owed to the District, as lessor, by entities leasing the District's capital assets.

Compensated Absences

All District employees shall earn vacation leave on the anniversary of their qualifying date. There is no carryover of unused vacation time. Employees resigning or retiring from the District are paid for their accrued vacation leave. All District employees shall accrue paid sick leave on a monthly basis, and accumulated sick leave shall not exceed 240 hours. For employees resigning or retiring, accumulated sick leave is canceled upon termination.

In the fund financial statements, the matured liability for compensated absences, which includes vacation leave, is reported in the General Fund. The total liability is reported in the government-wide financial statements. Accrued sick leave benefits are not accrued due to the District's policy of not paying benefits upon termination. No accrual is made in the governmental funds because the liability is not matured.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification (GASBC) Section 130: Interest Costs – Imputation, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are expensed during the current period. The face amount of debt issued, and repayments are reported as other financing sources. Premiums received on debt issuances and discounts on debt issuances are reported as other financing uses.

Leases

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a right-of-use lease asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate, and reasonably certain residual guarantees. The intangible right-of-use lease asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Right-of-use lease assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Categories and Classification of Net Position and Fund Balance

Net position flow assumption – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Categories and Classification of Net Position and Fund Balance (continued)

Fund balance flow assumptions – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various classifications based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASBC Section 1800, *Classification and Terminology*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

The unspent proceeds from the 2021 Certificates of Indebtedness can be used only for the purpose of making capital improvements to the District, and therefore are restricted at December 31, 2023.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Categories and Classification of Net Position and Fund Balance (continued)

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Commissioners may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues

Program Revenues

Amounts reported as program revenues include 1) charges to various parish agencies, (i.e. Fire, Police, City, etc.) that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) when applicable, grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Telephone Tariffs

On April 5, 1986, the voters of Caddo Parish approved the assessment of a telephone surcharge fee pursuant to Louisiana Revised Statute 33:9106 to fund the development, implementation and operation of an enhanced emergency telephone reporting system, 9-1-1. Since the initial election and authorization to assess surcharge fees, the fees have been increased over time through authorization by legislative action. During the 1996 Special Session of the Louisiana Legislature, LSA – R.S. 9131.1 was enacted, which enabled the District to assess cellular and other wireless telecommunications services, as well as allow the District to increase the 9-1-1 surcharge fee upon voter approval, and convert the fee structure from a tariff based rate to a flat fee. On September 21, 1996, the voters of Caddo Parish approved two referendums, which allowed the District to increase the 9-1-1 surcharge fees for residential and business wireline subscribers, and allowed the District to assess cellular and other wireless services. Effective December 1, 1996, the rate for wireline business customers was \$2.00 per month per line up to 100 lines, and the rate for wireline residential customers was \$1.00. The rate for cellular and wireless services was \$1.00 per month per line per subscriber.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues (continued)

Telephone Tariffs (continued)

During the 2009 legislative session, Act 531 of 2009 was enacted that allowed for the assessment of 9-1-1 surcharge fees on prepaid wireless services to be levied by retailers at the point of sale at 2% of amount of services purchased. The prepaid wireless funds are collected by the retailers and then remitted to the Louisiana Department of Revenue (DOR). The DOR then distributes the surcharge fees on a quarterly basis to each communications district based upon population of each parish according to the latest census.

As a result of tariff increases approved by the Louisiana Public Service Commission, effective January 1, 2016, the Board of Commissioners of the District adopted an ordinance which increased wireline residential and wireline business rates effective July 1, 2016. The wireline residential surcharge fee became \$1.25 per month per line, and the wireline business surcharge fee became \$2.50 per line per month up to 100 lines per business.

Pursuant to Act 665 of 2016, the Board of Commissioners adopted an ordinance on September 20, 2016, which became effective on January 1, 2017, increasing the District's 9-1-1 surcharge fees on postpaid wireless services to \$1.25 month.

Pursuant to Act 590 of 2016, which became effective on October 1, 2016, the prepaid wireless surcharge fee rate increased from 2% to 4% at the point of sale by the retailer on the amount of prepaid wireless service purchased.

Total revenues derived from wireless service providers in Caddo Parish for the year ended December 31, 2023, were \$3,050,191. In accordance with L.R.S 33:9109, the financial records of the District must be audited pursuant to the provisions of R.S. 24:513. In addition, each district is required to submit an annual report to the legislative auditor, which includes information on the revenues derived from the wireless service charges authorized by 33:9109 and the use of such revenues. Such report must include a report on the status of implementation of wireless E911 service. The District has completed the implementation of wireless Enhanced 9-1-1 service within Caddo Parish and expended \$1,611,799 in communications enhancements for the year ended December 31, 2023.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 21, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. As of July 1, 2023, derivative instruments that hedge the interest rate risk of taxable debt and use an IBOR as a reference rate are no longer eligible for hedge accounting. There were no significant impacts of implementing this Statement.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. There were no significant impacts of implementing this Statement.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Pronouncements

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The District is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DEPOSITS AND INVESTMENTS

The District had a carrying value of total cash at December 31, 2023 of \$3,445,285, which consisted of unrestricted cash of \$1,746,371 and restricted cash of \$1,698,914. Total cash amounts on deposit at the bank at December 31, 2023 amounted to \$3,509,915; the difference between this amount and the total carrying value is due to outstanding checks at the end of the year. In accordance with state law, all cash on deposit was insured by federal depository insurance or collateralized with securities held in the District's name by the depository bank.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 2: DEPOSITS AND INVESTMENTS (Continued)

Restricted cash represents unspent debt proceeds from the 2021 Certificates of Indebtedness issue. These proceeds are required to be used for capital improvements of the District, including its communications system.

Under state law and its own policy, the District may invest in U.S. Treasury obligations, debt issued or guaranteed by federal agencies or federal government instrumentalities and backed by the United States of America, certificates of deposit or share accounts of certain banks, credit unions, or savings and loan associates within the state, and debt issued by the state or any of its political subdivisions.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution the District may not be able to recover deposits. It is the District's policy to require collateralization with securities owned by the pledging institution for those amounts of deposits in excess of federal depository insurance amounts.

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Except for its mutual funds, which are not categorized as to level of risk because they are not evidenced by securities that exist in physical or book entry form, the District's other investments are insured up to \$500,000 by the Securities Investor Protection Corporation. The District's investment cash is fully insured by federal depository insurance under an overnight sweep program.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The District's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements.

Credit risk – GASBC Section 150: *Investments* of the GASBC requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The District's investment policy does not address credit risk.

Concentration risk – GASBC Section 150: *Investments* of the GASBC requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investments pools and other pooled investments. The District's investment policy does not address concentration risk.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 2: DEPOSITS AND INVESTMENTS (Continued)

Fair Value – GASBC Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments consist of the following at December 31, 2023:

	Fair Value Level	Fair Value	Maturities (in years)		
			Less Than 1	1-5	More Than 5
Investment cash	N/A	\$ 2,179,308	\$ 2,179,308	\$ -	\$ -
Governmental money market mutual funds	N/A	175,146	175,146	-	-
Total investments		\$ 2,354,454	\$ 2,354,454	\$ -	\$ -

Caddo Parish Communications District Number One
Notes to the Financial Statements

Note 3: CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land and land improvements	\$ 498,307	\$ -	\$ -	\$ 498,307
Construction-in-progress	300,128	633,124	-	933,252
Total capital assets not being depreciated	798,435	633,124	-	1,431,559
Capital assets, being depreciated				
Buildings and improvements	9,198,754	-	-	9,198,754
Furniture and equipment	22,873,145	61,799	-	22,934,944
Total capital assets, being depreciated	32,071,899	61,799	-	32,133,698
Less accumulated depreciation for				
Buildings and improvements	(6,541,163)	(246,351)	-	(6,787,514)
Furniture and equipment	(10,344,029)	(1,057,441)	-	(11,401,470)
Total accumulated depreciation	(16,885,192)	(1,303,792)	-	(18,188,984)
Total capital assets being depreciated, net	15,186,707	(1,241,993)	-	13,944,714
Right-of-use lease assets, being amortized				
Land	1,957,807	-	-	1,957,807
Less accumulated amortization for				
Land	(182,282)	(182,282)	-	(364,564)
Right-to-use lease assets being amortized, net	1,775,525	(182,282)	-	1,593,243
Governmental activities capital assets, net	\$17,760,667	\$ (791,151)	\$ -	\$16,969,516

Depreciation and amortization expense of \$1,486,074 was charged to the public safety function for governmental activities.

Construction-in-progress represents payments to date for facility refurbishments.

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 4: LESSOR LEASES

The District accounts for leases in accordance with GASBC Section L20, *Leases*. At December 31, 2023, the District leases two communications tower sites to three private communications service providers. These non-cancelable lease agreements expire between the years 2024 and 2026, and provide either for monthly payments of \$732 or annual advance payments of \$78,821 and \$42,068. The District recognized \$122,893 of lease revenue principal and \$9,077 of lease interest for the year ended December 31, 2023.

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of December 31:

<i>For the years ending December 31,</i>	Principal		Interest		Total	
2024	\$	121,100	\$	5,647	\$	126,747
2025		39,769		2,299		42,068
2026		40,903		1,166		42,069
Total	\$	201,772	\$	9,112	\$	210,884

Note 5: LONG-TERM DEBT AND LIABILITIES

Long-term Debt

Long-term debt from direct borrowings consists of the following:

\$12,240,000 Certificates of Indebtedness, Series 2021, due in annual installments of \$665,000 to \$985,000 through December 1, 2036, interest at 2.85%. \$ 10,890,000

There are a number of limitations and restrictions contained in the Certificates of Indebtedness.

Management believes that the District is in substantial compliance with all significant limitations and restrictions. The certificates are secured by and payable solely from a pledge of the excess of annual revenues. Total interest expense incurred on all debt, including leases, during 2023 amounted to \$376,805 as reported in the statement of activities.

Caddo Parish Communications District Number One
Notes to the Financial Statements

Note 5: LONG-TERM DEBT AND LIABILITIES

Long-term Debt (continued)

The annual requirements to amortize long-term debt are as follows:

<i>For the years ending December 31,</i>	Certificates of Indebtedness	Interest Payments	Total
2024	\$ 705,000	\$ 310,365	\$ 1,015,365
2025	725,000	290,273	1,015,273
2026	745,000	269,610	1,014,610
2027	765,000	248,378	1,013,378
2028	790,000	226,575	1,016,575
2029-2033	4,285,000	782,753	5,067,753
2034-2036	2,875,000	165,443	3,040,443
Total	\$ 10,890,000	\$ 2,293,397	\$ 13,183,397

Lessee Leases

At December 31, 2023, the District has three non-cancelable operating leases for the lease of land on which communication tower sites were constructed. Two leases have remaining terms ending in 2028 with aggregate monthly rental of \$6,037. One lease has a remaining term ending in 2035 with a current monthly rental amount of \$10,251, escalating by 13% in 2025 and 2030. Total annual payments made under these leases for the year ended December 31, 2023 was \$194,453.

The following is a schedule of minimum future lease payments from lease agreements as of December 31:

<i>For the years ending December 31,</i>	Principal Payments	Interest Expense	Total
2024	\$ 137,564	\$ 45,847	\$ 183,411
2025	166,329	41,413	207,742
2026	175,225	36,523	211,748
2027	180,285	31,472	211,757
2028	130,394	26,795	157,189
2029 - 2033	683,414	26,485	709,899
2034 - 2035	192,653	26,189	218,842
Total	\$ 1,665,864	\$ 234,724	\$ 1,900,588

Caddo Parish Communications District Number One Notes to the Financial Statements

Note 5: LONG-TERM DEBT AND LIABILITIES

Changes in Long-Term Liabilities

Long-term liabilities activity for the year ended December 31, 2023, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of indebtedness, Series 2021	\$ 11,575,000	\$ -	\$ (685,000)	\$ 10,890,000	\$ 705,000
Lease liabilities	1,810,850	-	(144,986)	1,665,864	137,564
Long-term liabilities	\$ 13,385,850	\$ -	\$ (829,986)	\$ 12,555,864	\$ 842,564

Note 6: CONTRACTED SERVICES

Contracted services include payments for outside services such as telephone, equipment and property maintenance, tower rental, utilities, payments to the City of Shreveport, and professional services. Payments to the City of Shreveport were to reimburse the Shreveport Fire Department for the costs associated with providing centralized dispatching for the Caddo Parish Fire Districts.

A summary of contracted services for the year ended December 31, 2023 is as follows:

<i>For the year ended December 31,</i>	2023
Telephone	\$ 712,411
Payments to the City of Shreveport	371,477
Equipment and property maintenance	654,929
Professional services	137,557
Utilities	150,143
Other	200,503
Total contracted services	\$ 2,227,020

Note 7: BENEFIT PLAN

The District provides a deferred compensation plan in accordance with the Internal Revenue Code Section 457 (Section 457 Plan). Because the District's Section 457 Plan does not meet the criteria established GASBC Section D25: *Deferred Compensation Plans (IRC Section 457)*, the balances in assets and liabilities are not presented in the financial statements of the District. The District is required to contribute 7.5% of each employee's compensation to the plan; such contributions amounted to \$54,314 for the year ended December 31, 2023.

Caddo Parish Communications District Number One

Notes to the Financial Statements

Note 8: 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. The District obtains commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the current or prior three fiscal years that exceeded the District's insurance coverage.

During 2023, one of the District's communication tower sites was damaged during a weather event. The District's commercial insurance carrier reimbursed the District \$84,819 for losses sustained, which has been reported as "Insurance Recoveries" in the accompanying basic financial statements.



REQUIRED SUPPLEMENTARY INFORMATION



**Caddo Parish Communications District Number One
Budgetary Comparison Schedule - General Fund**

<i>For the year ended December 31, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Telephone tariffs	\$ 4,024,887	\$ 4,094,569	\$ 4,095,114	\$ 545
Tower lease income	132,605	128,945	122,893	(6,052)
Interest income	3,685	21,888	94,328	72,440
Miscellaneous	80,852	66,915	212,320	145,405
Total revenues	4,242,029	4,312,317	4,524,655	212,338
Expenditures				
Current-public safety				
Personnel services	1,240,424	1,136,695	1,140,935	(4,240)
Materials and supplies	54,385	34,688	30,445	4,243
Contracted services	2,387,716	2,672,665	2,227,020	445,645
Debt service (principal, interest, fees, and charges)	1,014,809	1,014,888	1,014,888	-
Debt service on lease obligation (principal, interest, fees, and charges)	-	-	193,954	(193,954)
Capital outlay	3,680,404	1,067,337	808,173	259,164
Total expenditures	8,377,738	5,926,273	5,415,415	510,858
Net change in fund balance	(4,135,709)	(1,613,956)	(890,760)	723,196
Fund balance, beginning of year	6,178,917	7,269,360	7,269,360	-
Fund balance, end of year	\$ 2,043,208	\$ 5,655,404	\$ 6,378,600	\$ 723,196

Caddo Parish Communications District Number One Notes to Budgetary Comparison Schedule - General Fund

Budget and Budgetary Accounting

The District adopts a budget for the General Fund. Budgetary data was prepared based on prior year actual operating revenues and expenditures. The District follows these procedures in establishing the budgetary data reflected in these financial statements:

- (1) The budget sub-committee prepares a proposed budget and submits it to the Board of Commissioners. At the same time, a public hearing is called.
- (2) A public hearing is held on the proposed budget.
- (3) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution at least 15 days prior to the commencement of the fiscal year for which the budget is being adopted.
- (4) The budget document is structured such that revenues are budgeted by source and appropriations are budgeted by function and by object. District policy provides that expenditures may not legally exceed appropriations on a functional basis. Budgetary amendments require approval of the Board of Commissioners. Two budget revisions were made during the year ended December 31, 2023.
- (5) All budgetary appropriations lapse at the end of each fiscal year.

The basis of accounting applied to budgetary data presented is substantially consistent with the appropriate basis of accounting for the fund.

Budget Variances - Major Funds

During 2023, total actual revenues did not fail to meet budgeted revenues by 5% or more, and actual expenditures did not exceed budgeted expenditures by 5% or more.



OTHER SUPPLEMENTARY INFORMATION



**Caddo Parish Communications District Number One
Supplementary Information in Accordance with
Louisiana Revised Statute 33:9109E
For the Year Ended December 31, 2023**

The District assesses a 911 surcharge fee for cellular and other wireless services. The assessment of the wireless 911 surcharge fee was approved to fund, along with other funding sources, Phases I and II enhancements required by the FCC, a parish wide 800 MHz trunked radio system, and other communication enhancements. As of December 31, 2023, the radio project is completely implemented and is being used to serve the citizens of Caddo Parish.

Total revenues derived from wireless service providers in Caddo Parish for the year ended December 31, 2023 are as follows:

<u>Revenues derived from wireless service providers</u>	<u>\$ 3,050,191</u>
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Total expenditures for the parish-wide P25 Radio System and other communication enhancements for the year ended December 31, 2023 are as follows:

<u>Radio communication enhancements, including debt service</u>	<u>\$ 1,611,799</u>
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**Caddo Parish Communications District Number One
Schedule of Compensation, Reimbursements, Benefits, and
Other Payments to Agency Head
For the Year Ended December 31, 2023**

Agency Head Name: Thomas Mazzone, Executive Director

Purpose	Amount
Salary	\$ 117,400
Benefits - insurance - health	\$ 43,072
Benefits - insurance - dental	\$ 846
Benefits - retirement	\$ 8,805
Benefits - Medicare	\$ 1,702
Car allowance	\$ 3,000
Dues and memberships	\$ 414
Conference travel (hotel, registration, per diem, etc.)	\$ 1,367



REPORT ON INTERNAL CONTROL AND COMPLIANCE MATTERS





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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***

Members of the Board of Commissioners
Caddo Parish Communications District Number One

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 the general fund of the Caddo Parish Communications District Number One (the “District”), a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated May 21, 2024.

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.

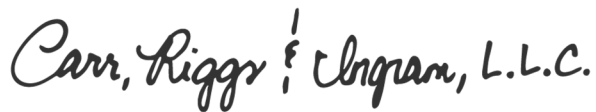
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
May 21, 2024

**Caddo Parish Communications District Number One
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(es) identified?

___ yes X no

___ yes X none noted

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

N/A

Section II – Financial Statement Findings

Current Year Findings

None

Prior Year Findings

None



**Caddo Parish Communications
District Number One**

**STATEWIDE AGREED-UPON
PROCEDURES REPORT**

December 31, 2023



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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Members of the Board of Board of Commissioners
of Caddo Parish Communications District Number One
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Caddo Parish Communications District Number One’s management is responsible for those C/C areas identified in the SAUPs.

Caddo Parish Communications District Number One (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, 2023 through December 31, 2023. 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 results 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.

Results: No exceptions were found as a result of applying the procedure.

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.

Results: No exceptions were found as a result of applying the procedure.

- c) **Disbursements**, including processing, reviewing, and approving.
Results: No exceptions were found as a result of applying the procedure.
- 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).
Results: No exceptions were found as a result of applying the procedure.
- 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.
Results: No exceptions were found as a result of applying the procedure.
- 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.
Results: No exceptions were found as a result of applying the procedure.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Results: No exceptions were found as a result of applying the procedure
- h) **Credit Cards (and debit cards, fuel cards, purchase 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).
Results: No exceptions were found as a result of applying the procedure.
- 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.
Results: No exceptions were found as a result of applying the procedure.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Results: No exceptions were found as a result of applying the procedure.
- 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.

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: No exceptions were found as a result of applying the procedure.

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.

Results: The April 2023 board meeting was canceled. No other exceptions were found as a result of applying the procedure.

- 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 comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, 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.*

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: Per the prior year audited financial statements, the unassigned fund balance of the general fund was not negative at the end of the prior year.

- 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.

Results: There were no findings in the prior year audited financial statements, as such, this procedure is not applicable.

Bank Reconciliations

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 or electronically logged);

Results: No exceptions were found as a result of applying the procedure.

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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Results: No exceptions were found as a result of applying the procedure.

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.

Results: There were no reconciling items outstanding for more than 12 months from the statement closing date, as such, this procedure is not applicable.

Collections (excluding electronic funds transfers)

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).

Results: CRI obtained a listing of deposits sites and management's representation that the listing was complete. There is only one deposit site.

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;

Results: No exceptions were found as a result of applying the procedure.

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;

Results: No exceptions were found as a result of applying the procedure.

- c) Each employee responsible for collecting cash is not also 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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: No exceptions were found as a result of applying the procedure.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #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). *Alternatively, 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.

Results: The District does not utilize pre-numbered receipts.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- 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).

Results: The deposits selected for this procedure were not made within one business day of receipt.

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

Results: No exceptions were found as a result of applying the procedure.

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

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).

Results: CRI obtained listing of locations that process payments and management's representation that the listing was complete. There is only one location that processes payments.

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;

Results: Purchases over \$2,000 require Board approval. The Executive Director has the ability to initiate a purchase request, approve the purchase, and place an order/make a purchase under \$2,000.

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

Results: No exceptions were found as a result of applying the procedure.

- 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;

Results: The employee responsible for processing payments is also responsible for adding/modifying vendor files. Another employee does not periodically review 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

Results: The employee responsible for processing payments is also responsible for mailing checks.

- 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.

Results: No exceptions were found as a result of applying the procedure.

[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 procedure #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 supporting documentation indicates that deliverables included on the invoice were received by the entity, and

Results: No exceptions were found as a result of applying the procedure.

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

Results: Except for the lack of segregation previously described in procedure #9 above, no exceptions were found as a result of applying the procedure.

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*

Results: There were no non-payroll electronic disbursements during the fiscal period, as such, this procedure is not applicable.

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

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.

Results: CRI obtained a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period and 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

Results: The authorized card holder is also responsible for reviewing and approving monthly statements.

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

Results: No exceptions were found as a result of applying the procedure.

14. Using the monthly statements or combined statements selected under procedure #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.

Results: No exceptions were found as a result of applying the procedure.

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

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);

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- 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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

Contracts

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. *Alternatively, 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.

Results: Management represented that no contracts were initiated or renewed during the fiscal period, as such, this procedure is not applicable.

Payroll and Personnel

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.

Results: No exceptions were found as a result of applying the procedure.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #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);

Results: No exceptions were found as a result of applying the procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Results: No exceptions were found as a result of applying the procedure.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

Results: No exceptions were found as a result of applying the procedure.

- d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were found as a result of applying the procedure.

- 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's 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.

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: No exceptions were found as a result of applying the procedure.

Ethics

- 21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A 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

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: The District's ethics policy was not changed during the fiscal period, as such, this procedure is not applicable.

- 22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions were found as a result of applying the procedure.

Debt Service

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.

Results: Management represented that no debt instruments were issued during the fiscal period, as such, this procedure is not applicable.

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).

Results: No exceptions were found as a result of applying the procedure.

Fraud Notice

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.

Results: Management represented that no misappropriations of public funds or assets occurred during the fiscal period.

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.

Results: No exceptions were found as a result of applying the procedure.

Information Technology Disaster Recovery/Business Continuity

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.

Results: We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if 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.

Results: We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: No exceptions were found as a result of applying the procedure.

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results: The District was not able to provide documentation that the selected employees completed cybersecurity training as required by R.S. 42:1267.

Prevention of Sexual Harassment

30. 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.

Results: No exceptions were found as a result of applying the procedure.

31. 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).

Results: No exceptions were found as a result of applying the procedure.

32. 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.

Results: No exceptions were found as a result of applying the procedure.

We were engaged by Caddo Parish Communications District Number One 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 Caddo Parish Communications District Number One 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana
May 29, 2024



Caddo Parish Communications District Number One

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May 29, 2024

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Louisiana Legislative Auditor
1600 North 3rd Street
Baton Rouge, LA

Dear Sir or Madam:

Regarding the exceptions identified with the *Independent Accountant's Report on Applying Agreed-Upon Procedures*, for the year ended December 31, 2023, the Caddo Parish Communications District Number One (District) submits the following responses:

Collections (excluding electronic funds transfers)

Procedure 7b – The deposits selected for this procedure were not made within one business day of receipt.

Management's Response – It is the District's policy to make deposits within one (1) week. As the District receives remittances frequently, the Office Manager makes regular deposits; sometimes multiple per week.

Procedure 9c – The employee responsible for processing payments is also responsible for adding/modifying vendor files. Another employee does not periodically review changes to vendor files.

Management's Response – Through the course of normal business operations, disbursements to all vendors (*including those which may be recently added*) **are reviewed and approved by the Executive Director and two (2) Board Members, as signatories.**

Procedure 9d – The employee responsible for processing payments is also responsible for mailing checks.

Management's Response – Due to the size of our agency, and the limited number of personnel assigned, the employee responsible for processing payments is normally the same person responsible for mailing checks, however this is not always the case. ***Under direction of the Executive Director, the District will seek options to strengthen controls in this area.***

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Re: Responses to Exceptions
May 29, 2024

Information Technology Disaster Recovery/Business Continuity

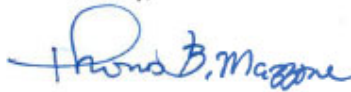
Procedure 29 – The District was not able to provide documentation that the selected employees completed cybersecurity training as required by R.S. 42:1267.

Management's Response – ***Concur with the intent of this procedure, but disagree with the requirement, as written in R.S. 42:1267.*** After conferring with the District's General Counsel, it is our shared opinion that R.S. 42:1267 governs the cyber-security training for "state agency" personnel of the executive, legislative or judicial branch of the state government, or "any state classified employee". ***The District is not within the executive, legislative or judicial branch of the state government and does not employ classified employees.***

The LLA White Paper "Required Training for Public Employees and Public Officials of State and Local Entities" references R.S. 42:1267 as its backstop, yet fails to include the statute's specific language which stipulates "state agencies", and the definition thereof, referenced in R.S. 42:1261.

In our contested and evolving digital environment, *this training is imperative to the District's operations, and the safety/security of our citizens and First Responders.* While the District's position is that this procedure is not clearly written to include our employees, the training is beneficial and will be implemented during this year's training cycle. As such, ***the Executive Director will verify and report to the Department of State Civil Service on the completion of cybersecurity training by all agency employees.*** The Executive Director will also periodically require an internal review to ensure compliance.

Sincerely,



Thomas B. Mazzone
Executive Director