

MADISON PARISH COMMUNICATIONS DISTRICT
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA

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THE HALFORD FIRM, PLLC

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Madison Parish Communications District
Tallulah, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Madison Parish Communications District, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 8, and the budgetary comparison information on page 21. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison Parish Communications District's basic financial statements. The accompanying other financial information consisting of the Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022, on our consideration of the Madison Parish Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Madison Parish Communications District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated September 19, 2022 on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

The Halford Firm, PLLC

Vicksburg, Mississippi

September 19, 2022

REQUIRED SUPPLEMENTARY INFORMATION

PART I

Management's Discussion and Analysis

December 31, 2021

As management of the Madison Parish Communications District, I offer readers of the Madison Parish Communications District's financial statements this narrative overview and analysis of the financial activities of the Madison Parish Communications District for the fiscal year ended December 31, 2021. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Financial Highlights

- The District's expenses on the Statement of Activities for the year ending December 31, 2021, were \$514,605. On January 1, 2021, the District withdrew from the Madison Parish Police Jury's management. Accordingly, prior year data is unavailable for the year ending December 31, 2021.
- The District's total net position increased by \$8,493 over the course of this year's operations.
- During the year, the District's expenditures were \$493,893. As noted above, on January 1, 2021, the District withdrew from the Madison Parish Police Jury's management and accordingly, prior year data is unavailable for the year ending December 31, 2021.
- The District had total revenues of \$523,098 in 2021, of which \$327,322 was from ad valorem taxes.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the District's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and illustrate a longer-term view of the District's finances. The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-wide Financial Statements by providing information about the most significant funds. 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 Madison Parish Communications District's finances, in a manner similar to a private-sector business. The government-wide financial statements provide short- and long-term information about the District's financial status as a whole.

The Madison Parish Communications District's government-wide financial statements include a Statement of Net Position (pg. 9) and Statement of Activities (pg. 10), which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the Statement of Net Position is to report all of the assets held and liabilities owed by the District using the full accrual basis of accounting. The District reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred.

Government-wide financial statements (continued). The difference between the District's total assets and total liabilities is reported as net position and this difference is similar to the total owner's equity presented by a commercial enterprise. Over time, increases or decreases in the District's net position are one indicator of whether financial health is improving or deteriorating. However, the District's goal is to provide services to the citizens of Madison Parish, not to generate profits as commercial enterprises do. Therefore, not only financial factors must be considered to assess the overall health of the District.

The purpose of the Statement of Activities is to present the revenues and expenses of the Madison Parish Communications District. Again, the items presented on the Statement of Activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied, and expenses are reported when incurred by the District. Thus, revenues are reported even though they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

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 Madison Parish Communications District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Madison Parish Communications District are governmental funds.

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 available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government's near-term financing decisions. Both the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Madison Parish Communications District is required to adopt an annual appropriated budget for the general fund. However, the District did not adopt a budget for the year ending December 31, 2021 (see finding 21-01 on page 25).

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Madison Parish Communications District's performance.

REPORTING ON THE MADISON PARISH COMMUNICATIONS DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position:

CONDENSED STATEMENT OF NET POSITION
Year Ended December 31, 2021

	<u>2021</u>
Assets	
Current and other assets	\$ 867,071
Capital assets, net of accumulated depreciation	<u>57,283</u>
Total Assets	<u>924,354</u>
Liabilities	
Current and other liabilities	16,854
Long-term liabilities	<u>-</u>
Total Liabilities	<u>16,854</u>
Net Position (Deficit)	
Invested in capital assets, net of related debt	57,283
Unrestricted	<u>782,202</u>
Total Net Position (Deficit)	<u>\$ 907,500</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Madison Parish Communications District, assets exceed liabilities at the close of this fiscal year by \$907,500. Of this amount \$57,283 or 15.84% of the total net position represents the investment of the District in capital assets, net of related debt. Net position (deficit) of \$782,202 for 2021, which is technically unrestricted, needs to be viewed in light of information in the fund financial statements.

The following table reflects the condensed Statement of Activities:

CONDENSED STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

	2021
Revenues	
Taxes - ad valorem	\$ 327,322
911 fees	191,118
Interest and other income	4,658
Total Revenues	523,098
 Expenses	
Salaries and benefits	130,164
Repairs and maintenance	94,246
Material and supplies	263,922
Other	26,273
Total Expenses	514,605
Change in Net Position	8,493
Net Position (Deficit) - beginning	899,007
Net Position (Deficit) - ending	\$ 907,500

As reported in the Statement of Activities, the cost of governmental activities for 2021 \$514,605.

Financial Analysis of the Government's Funds

As noted earlier, the Madison Parish Communications District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 2021, the general fund's governmental balance was \$850,217, all of which was unassigned.

Capital Asset and Debt Administration

Capital assets. The Madison Parish Communications District's investment in capital assets for its governmental activities as of December 31, 2021, amounts to \$57,283. This investment includes furniture and equipment. This value is net of accumulated depreciation.

Long-Term Debt

The District had no long-term debt at December 31, 2021.

General Fund Budgetary Highlights

The District's budget is required to be prepared according to Louisiana law.

A budgetary comparison schedule showing the Madison Parish Communications District's original adopted budget compared with actual operating results for the year ending December 31, 2021 was not prepared (see finding 21-01 on page 25) and consequently, is not provided in the report that follows.

Economic Factors and Next Year's Budgets

The District is dependent on ad valorem taxes and commissions from telephone carriers for approximately 62.5% and 36.5% of its revenues, respectively. The economy is not expected to generate any significant growth. Therefore, the District's future revenues are expected to be consistent with the current year.

Requests for Information

This financial report is designed to provide a general overview of the Madison Parish Communications District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Madison Parish Communications District, 402 E. Green Street, Tallulah, LA 71282.

BASIC FINANCIAL STATEMENTS

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

Assets

Current assets

Cash and cash equivalents	\$ 165,472
Investments	633,584
Receivables	68,015
Total current assets	<u>867,071</u>

Noncurrent assets

Capital assets, net of accumulated depreciation	<u>57,283</u>
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Total assets	<u>924,354</u>
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Liabilities

Current Liabilities

Accrued expenses	<u>16,854</u>
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Total Liabilities	<u>16,854</u>
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Net Position (Deficit)

Invested in capital assets	57,283
Unrestricted	<u>782,202</u>

Total Net Position (Deficit)	<u>\$ 907,500</u>
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The accompanying notes are an integral part of this financial statement.

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Function/Program	Expenses	Program Revenue Charge for Services	Operating Grants and Contributions	Net Revenue (Expense) Government Activities
Government Activities:				
911 Fees	\$ 514,605	\$ 191,118	\$ -	\$ (323,487)
Total government activities	\$ 514,605	\$ 191,118	\$ -	(323,487)
General Revenues:				
Taxes - ad valorem				327,322
Miscellaneous income				4,593
Interest income				65
Total general revenues				331,980
Change in Net Position				8,493
Net Position (Deficit) - January 1, 2021				899,007
Net Position (Deficit) - December 31, 2021				\$ 907,500

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

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<u>General Fund</u>
Assets	
Cash	\$ 165,472
Receivables	68,015
Investments	<u>633,584</u>
 Total Assets	 <u>867,071</u>
 Liabilities	
Accrued expenses	<u>\$ 16,854</u>
 Fund Equity Balances	
Fund balance - unassigned	<u>850,217</u>
 Total Liabilities and Fund Equity Balances	 <u>\$ 867,071</u>

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

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

Total Fund Balance - Governmental Funds	\$ 850,217
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds	<u>57,283</u>
Net Position (Deficit) of Governmental Activities	<u>\$ 907,500</u>

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

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
GOVERNMENTAL FUND TYPES – GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues

Taxes - ad valorem	\$ 327,322
911 fees	191,118
Interest income	65
Other income	4,593
Total Revenues	523,098

Expenditures

General Governmental:

Salaries:

Director	87,418
Other	21,950
Employee benefits	20,796

Travel:

Auto fuel	5,013
Other	548

Repairs & Maintenance

Software	85,255
Other	8,991

Materials & Supplies:

Office	189,109
Other	74,813

Capital Outlay

Capital Outlay	-
Total Expenditures	493,893

Changes in Fund Balance	29,205
Fund Balance at beginning of year	824,011
Fund Balance at end of year	\$ 853,216

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

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net Change in Fund Balance, Total Governmental Fund \$ 29,205

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (20,712)

Change in Net Position of Governmental Activities \$ 8,493

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

**MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

INTRODUCTION

As provided by Louisiana Revised Statutes 33:9101 – 9106, the Madison Parish Communications District (the District) was created to provide emergency communications to the residents of Madison Parish. The District is governed by a seven-member Board of Commissioners appointed by the Madison Parish Police Jury to manage the affairs of the District. Commissioners are residents of the District and serve terms of four years. The members of the Board of Commissioners do not receive compensation. The Board appoints a Director to function as the manager.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District applies all relevant GASB pronouncements, and GAAP, as applicable to governmental entities. Also, the District's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Municipal Audit and Accounting Guide and the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Madison Parish Police Jury is the financial reporting entity for Madison Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, established criteria for determining which component units should be considered part of the Madison Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Because the Police Jury created the District, appoints the commissioners of the District, and has the ability to impose its will on the District, the District was determined to be a component unit of the Madison Parish Police Jury, the financial reporting entity. Prior to the year ending December 31, 2021, the District's financial statements were included in the Madison Parish Police Jury's financial statements as a component unit.

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

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs, regardless of when cash is received or disbursed. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the District's general revenues.

D. FUND FINANCIAL STATEMENTS

The District used funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain tax assessment functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District. The following is the District's governmental fund:

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund was established in compliance with Louisiana Revised Statute 33:9106, which provides that a percentage of the telephone bills collected throughout the parish be transmitted to the District to defray its expenditures.

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-wide 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

The government fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Interest is susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

F. BUDGETARY ACCOUNTING

The District is required to prepare an annual operating budget within the first ninety days of each year, however it failed to do so for the year ending December 31, 2021 (See finding 21-01 on page 25).

G. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits, interest-bearing demand deposit accounts, and certificates of deposits. The District considers all cash accounts and certificates of deposit with a maturity of three months or less when purchased to be cash and cash equivalents. Under state law, the District may deposit funds in demand deposits, interest bearing 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.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the deposits (or the resulting bank balances) must be secured by the federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the ledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 9:1224 states that securities held by a third party shall be deemed to be held in the District's name.

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

I. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500.00 or more for capitalizing capital assets. All assets are valued at historical cost.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 10 years.

J. EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

- **Nonspendable Fund Balance** – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision, or by enabling legislation.

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. EQUITY CLASSIFICATIONS – (continued)

- **Committed Fund Balance** – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- **Assigned Fund Balance** – amounts the District intends to use for a specific purpose. Intent is expressed by the Madison Parish Communications District.
- **Unassigned Fund Balance** – amounts that are available for any purpose. These amounts are reported only in the general fund.

K. ESTIMATES

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

NOTE 2. CASH AND CASH EQUIVALENTS

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

Interest-bearing demand deposits	<u>\$165,472</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2021, the District had bank deposits of \$267,005. These deposits are secured from risk by federal deposit insurance in the amount of \$250,000 and \$17,005 of pledged securities.

NOTE 3. INVESTMENTS

The District holds certificates of deposits at a financial institution. The certificates of deposit have maturities of 12 months. The District's certificates of deposit have a book value of \$633,584 as of December 31, 2021. These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank.

NOTE 4. RECEIVABLES

The receivables at December 31, 2021, consisted of \$68,015 owed to the District by Madison Parish Homeland Security.

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CHANGES IN CAPITAL ASSETS

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

Government Activities	Balance December 31, 2020	Addition	Deduction	Balance December 31, 2021
Furniture and Equipment	\$ 118,380	\$ -	\$ -	\$ 118,380
Less accumulated depreciation	(40,385)	(20,712)	-	(61,097)
Capital assets - net	\$ 77,995	\$ (20,712)	\$ -	\$ 57,283

NOTE 6. RISK MANAGEMENT

The District is at risk for property damage, liability and theft which are covered by insurance policies.

NOTE 7. LEVIED TAXES

The District is authorized to levy a maximum of 3.00 mills on property within the boundaries of the District for maintenance and operation of the District. The District levied 2.89 mills for 2021.

NOTE 8. LITIGATION AND CLAIMS

At December 31, 2021, the District was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

NOTE 9. PENSION PLANS

The District does not participate in any pension or retirement plans.

NOTE 10. IMPLEMENTATION OF WIRELESS E911 SERVICE.

Louisiana Revised Statute 33:9109 authorizes the governing authority of a communication district to levy an emergency telephone surcharge on certain wireless communication systems to pay the costs of implementing FCC ordered enhancements to E911 systems. In 2007, implementation of the wireless E911 service was complete.

During the year ended December 31, 2021, the District received \$84,815 from landline telephone providers and \$106,303 from the emergency telephone surcharge on wireless communication systems, respectively. The funds received will be used for maintaining the wireless E911 systems.

NOTE 11. SUBSEQUENT EVENTS

Subsequent events were evaluated through September 19, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
DECEMBER 31, 2021

No budget was prepared or adopted during the year. (See finding 21-01 on page 25.)

OTHER FINANCIAL INFORMATION

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS,
OTHER PAYMENTS TO AGENCY HEAD
DECEMBER 31, 2021

Cynthia Machen, Director

Salary and expense amount	\$	87,418
Benefits - insurance		8,799
Reimbursement - software		<u>150</u>
Total	\$	<u>96,367</u>

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

THE HALFORD FIRM, PLLC

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

To the Board of Commissioners
Madison Parish Communications District
Tallulah, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Madison Parish Communications District, a component unit of the Madison Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Madison Parish Communications District's basic financial statements, and have issued our report thereon dated September 19, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Madison Parish Communications District's internal control over financial reporting (internal control) to determine the 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 Madison Parish Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Madison Parish Communications 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 and deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, as items 21-03 and 21-04

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Madison Parish Communications 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 determination of financial statement amounts. 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. We identified two instances on noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are identified as 21-01 and 21-02 in the schedule of findings and questioned costs.

Purpose of this Report

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

The Halford Firm, PLLC

Vicksburg, Mississippi
September 19, 2022

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the annual financial statements of the Madison Parish Communications District.
2. Two instances of noncompliance material to the financial statements of the Madison Parish Communications District were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

21-01 Local Budget Act

Finding:

The Local Government Budget Act (LGBA), found in R.S. 39:1301-1315, directs political subdivisions of the State as to the manner in which the budget of the political subdivisions shall be adopted, implemented, and amended. These laws, collectively called the LGBA, direct a political subdivision to allow for public participation prior to the adoption of a budget. The laws further call for financial planning and budgeting practices, which will secure the public dollars entrusted to the leaders of the political subdivision. The requirements of the laws shall be considered minimal requirements. Each political subdivision must prepare a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund. The Madison Parish Communications District did not prepare, adopt, or amend a budget for the fiscal year ending December 31, 2021.

Recommendation:

The District should prepare, adopt, monitor and amend a comprehensive budget in compliance with the Local Government Budget Act found in R.S. 39:1301-1315.

Management's Response:

The District concurs with the finding and will prepare, adopt, monitor and amend the budget as necessary in the future.

21-02 Failure to File Audit Report Timely

Finding:

Louisiana Revised Statute 24:513 requires all audit engagements to be completed and transmitted to the Legislative Auditor within six months of the close of the fiscal year end. Accordingly, the Madison Parish Communication District's audit for the year ended December 31, 2021, was due to the Legislative Auditor by June 30, 2022.

Recommendation:

The District should ensure that the audit report is submitted in a timely manner in the future.

Management's Response:

Fiscal year ended December 31, 2021 was our initial year as an independent entity. Consequently, the documentation necessary to timely and accurately complete the audit report was not available. The District concurs with the audit finding and will ensure that the audit report is submitted in a timely manner in the future.

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued
DECEMBER 31, 2021

21-03 – Segregation of Duties

Finding:

During our audit we noted that the size of the District and the limited number of employees does not permit an adequate segregation of employee duties for effective internal control. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Recommendation:

To the extent that it is practical to do so, management should consider hiring additional staff and/or outside services to allow better segregation of employee duties.

Management's Response:

Based on the size of the District, it is not feasible to add additional personnel to achieve complete segregation of duties.

21-04 – Preparation of Annual Financial Statements

Finding:

The District's personnel do not have the capability to prepare annual financial statements, including footnote disclosures, in accordance with generally accepted accounting principles and do not have the skills and competencies necessary to prevent, detect, and correct a material misstatement.

Recommendation:

An adequately designed system of internal control over financial reporting includes controls over preparation of the annual financial statements, including footnote disclosures. Such internal controls should require that the annual financial statements be prepared by personnel capable of preparing the financial statements in accordance with generally accepted accounting principles. In addition, such personnel should have the skills and competencies to prevent, detect, and correct a material misstatement in the financial statements. The District's personnel with direct responsibility over financial reporting should receive training in the preparing of financial statements, including note disclosures. The training should be sufficient to provide such personnel with the skills and competencies necessary to prevent, detect, and correct a material misstatement. Alternatively, the District could hire a qualified CPA to prepare their financial statements for them.

Management's Response: The District has evaluated the cost vs. the benefit of establishing internal controls over the preparation of the annual financial statements and determined that it is in the best interests of the District to carefully review the monthly financial statements and accept responsibility for their contents. The cost of additional training and/or hiring another CPA firm to prepare the annual financial statement is not feasible to the District.

MADISON PARISH COMMUNICATIONS DISTRICT
TALLULAH, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED DECEMBER 31, 2021

On January 1, 2021, the District withdrew from the Madison Parish Police Jury's management. Consequently, this is an initial audit year and there were no prior year audit findings.

**STATEWIDE
AGREED-UPON PROCEDURES**

THE HALFORD FIRM, PLLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of Madison Parish Communications District
and the Louisiana Legislative Auditor,

We have performed the procedures enumerated below, which were agreed to by the Madison Parish Communications District and the Louisiana Legislative Auditor (LLA), solely to assist the users in evaluating management's assertions about the Madison Parish Communications District's compliance with certain laws and regulations during the fiscal year ended December 31, 2021, included in the Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures (SAUPs). The Madison Parish Communications District's management is responsible for those control and compliance (C/C) areas identified in the SAUPs.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Governmental Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations.
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

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Written Policies and Procedures - continued

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-11121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirements that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to non-profits.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The Madison Parish Communications District has established policies and procedures for the above listed items, but none of them are written.

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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.

The Board of Commissioners were able to meet with a quorum for 3 of 4 required quarterly meetings. One meeting did not have a quorum due to COVID-19.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-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.*

The District did not adopt a budget. Consequently, no minutes referenced or included budget-to-actual comparisons.
 - 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.

The District did not have a negative ending unassigned fund balance.

Bank Reconciliations

3. Obtain a listing of the entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

-continued

Bank Reconciliations - continued

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

The entity has only one bank account which was reconciled each month of the year. There were not any reconciling items that had been outstanding for more than 12 months.

Collections

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

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Collections - continued

- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

The District does not collect cash and therefore does not have a cash drawer. The District has only one employee and she is responsible for preparing bank deposits and reconciling collection documentation. The District does not use pre-numbered collection receipts. The District is not covered by a bond. The District only had one bank account; therefore (2) deposits were tested for that bank account.

Non-Payroll Disbursements (excluding card purchases/payments, 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).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee jobs duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

-continued

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

- a) Observe that the disbursement matched the related original invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedures for processing disbursements do not include requisitions, purchase orders, or receiving reports. The District has one employee who is responsible for all purchases.

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

The following procedures were not performed since the Madison Parish Communications District does not use any credit/debit/fuel cards.

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions, (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

-continued

Credit Cards/Debit Cards/Fuel Cards/P-Cards - continued

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions, (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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

- a) If reimbursed using a per diem, observe the approved reimbursement rate to no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov)
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The Districts had no travel or travel-related expense reimbursements.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, lease, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

-continued

Contracts - continued

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- 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.

The District had three contracts. All three were selected, and the above procedures were performed. No exceptions were noted in these tests.

Payroll and Personnel

- 17. Obtain a listing employees/elected official employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 18. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

-continued

Payroll and Personnel - continued

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.

During the fiscal year ended December 31, 2021, the District had one full-time employee and two temporary, part-time employees. The above procedures were performed for all three employees, and no exceptions were observed.

Ethics

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

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

All employees and Commissioners completed a one-hour ethics training course during the year.

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

There were not any changes to the ethics policy in the audit period.

Debt Service

The following procedures were not performed since the District does not have any outstanding debts.

22. Obtain a listing of bond/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debts instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
23. Obtain a listing of bond/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 assets funds, or other funds required by the debt covenants).

Fraud Notice

24. 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.

The District is not aware of any misappropriation of public funds.

-continued

Fraud Notice - continued

25. 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.

The District has the required notice posted in the office.

Information Technology Disaster Recovery/Business Continuity

26. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

The District does not perform daily backups of critical data.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

The District does not perform daily backups of critical data. Therefore, it cannot be tested for restoration verification.

- 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.

The District has two computers in use currently and both have active antivirus software and operating systems are supported by the vendor.

Sexual Harassment

27. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

The one full-time employee and all Commissioners completed one hour of sexual harassment training.

28. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

The sexual harassment policy was posted on the entity's premises.

-continued

Sexual Harassment - continued

29. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements; 100% of the employees and Commissioners completed the training.
 - b) Number of sexual harassment complaints received by the agency; -0-
 - c) Number of complaints which resulted in a finding that sexual harassment occurred; N/A
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and. N/A
 - e) Amount of time it took to resolve each complaint. N/A

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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 Louisiana Legislative Auditor as a public document.

The Halford Firm, PLLC

Vicksburg, Mississippi
September 19, 2022

THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

To Management and
Board of Commissioners
Madison Parish Communications District

Members
American Institute of
Certified Public Accountants

Mississippi Society of
Certified Public Accountants

Louisiana Society of
Certified Public Accountants

In planning and performing our audit of the financial statements of Madison Parish Communications District as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Madison Parish Communications District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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.

A separate report dated September 19, 2022 contains our communication on material weaknesses and significant deficiencies in the District's internal control. This letter does not affect our report dated September 19, 2022 on the financial statements of Madison Parish Communications District.

During our audit, we also became aware of the following matters that we believe represent opportunities for strengthening internal controls and operating efficiency:

Improve Cash Receipts Procedures

Cash receipts are not being deposited on a timely basis. At the present time, the Director accumulates cash receipts in a desk drawer and makes weekly deposits or whenever large checks are received. As a result, not only is there a risk of loss from burglary, misplacement, or misappropriation, but the cash is not available for expenditures or investment.

We recommend that management design and implement controls to ensure that cash receipts are deposited within one business day of receipt, or if the total deposit is less than \$100, that the receipts are stored securely in a locked safe or drawer and deposited weekly.

Since management has informed us that it would not be practicable to separate the duties of receiving, depositing and recording of cash receipts, it would appear advisable to at least set up some form of control on cash receipts, such as a list of remittances received to be prepared at the time the mail is opened and be used daily or at other reasonable intervals for comparison of the total with deposit slip totals, to determine that all cash has been promptly deposited intact in the District's bank account.

Reconciliations of Cash Accounts

At present, bank reconciliations are being performed monthly utilizing the accounting software bank reconciliation function. However, the final reconciliations are not being printed out nor are they being reviewed by anyone other than the employee performing the reconciliation. Because of this, prior bank reconciliations are unavailable for review. In addition to printing out the completed reconciliation with the outstanding items listed to be attached to and filed with the corresponding bank statement, we recommend that the reconciliations be signed and dated by an appropriate official of the Board of Commissioners as an indication of approval.

Written Policies and Procedures

Formal/written procedures are necessary as a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and ensure the procedures followed meet management's expectations. At present, the District does not have a written policies and procedures manual. This resulted in several noncompliance findings in the audit of the financial statements. We believe that a formal policies and procedures manual should be developed not only to establish more uniform and formal policies and procedures but also to help ensure that certain compliance requirements are met. This manual should include all areas of activities, including administration and operations. A policy and procedures manual will document how the District operates and will support cross-training and employee turnover when necessary. The Louisiana Legislative Auditor's website is an excellent resource for general guidance and best practices for Louisiana governmental entities. Once formal/written procedures are in place, they should be distributed to every employee and official and then reviewed periodically and updated as necessary.

Payroll Taxes and Reporting

The District maintains a third-party payroll service subscription with their accounting software for payroll processing, however the subscription only calculates the payroll and does not include required payroll reporting or filing and paying payroll taxes. During 2021, the District hired a local CPA to get them set-up with their accounting system, which included payroll and payroll tax processing. However, the CPA was not put on retainer to continue payroll tax processing, nor was training provided to the Director so that the District would be complying and current with payroll reporting. Subsequently, the District has not paid any payroll taxes for the 2022 calendar year, nor has it filed any required payroll tax returns. Consequently, the District may be subjected to significant penalties from the taxing agencies. We recommend that a local CPA be hired on a retainer basis to process, file, and pay all required payroll tax related requirements. Alternatively, the District can upgrade the subscription with their accounting

software to the level that includes all payroll reporting and provide training for the District's management on payroll compliance matters.

Backup and Safely Store Computer Files

During our audit, we noted that there were no backup files of the IT system or accounting data. One of the main reasons for creating backup files is to be able to recover information in the event of a disaster, such as fire or water damage. An effective method for storage of backup files may be through the use of three flash drives stored off-site. Rotation of the three drives would ensure that backup information would be available in the event of disk failure. Alternatively, the District could consider taking advantage of current automated solutions, including backing up information and systems data to the cloud. Today's products not only allow you to restore individual files and previous versions of your entire network, but can also backup remote user data, and even fire up virtual servers in the cloud to be an integral component of your District's business continuity/disaster recovery plan.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Madison Parish Communications District, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

The Halford Firm, PLLC

Vicksburg, Mississippi
September 19, 2022