

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

For The Year Ended December 31, 2025

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the St. Tammany Parish Communications District No. I (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the District as of December 31, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and net pension liability information on pages 4 through 7 and 28 through 29, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2026, 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.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
April 15, 2026

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I

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ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I

Management's Discussion and Analysis As of and for the Year Ended December 31, 2025

The management's discussion and analysis of the St. Tammany Parish Communications District No. I's (the "District") financial performance provides an overview of the financial activities as of and for the year ended December 31, 2025. It should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded its liabilities and deferred inflows at December 31, 2025, by \$13,484,387. The District's net position increased by \$427,490 or 3.27% from the prior year.
- The District's operating revenues decreased by \$15,128 or 0.31%, while operating expenses decreased by \$28,461 or 0.62% for the year ended December 31, 2025. The decrease in operating revenues was due to a decrease in revenue from fees charged for services. The decrease in operating expenses was primarily due to a reduction in public safety expense related to supplementing Fire District I and Fire District 12's consolidation of fire service functions, partially offset by increases in equipment maintenance and pension related expenses. All other operating costs were consistent with prior year.
- The District's non-operating revenues over expenses decreased by \$80,127 for the year ended December 31, 2025. The decrease was due to a reduction in interest income earned on the District's money market account, as funds were utilized for the purchase of capital assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

Management's Discussion and Analysis - Continued

As of and for the Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE DISTRICT

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

Statements of Net Position As of December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Current Assets	\$ 7,299,626	\$ 8,921,533	\$ (1,621,907)
Capital assets - net	10,118,565	8,391,948	1,726,617
Other assets	<u>398,373</u>	<u>333,040</u>	<u>65,333</u>
Total Assets	17,816,564	17,646,521	170,043
Deferred outflows of resources	<u>88,273</u>	<u>176,187</u>	<u>(87,914)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,904,837</u>	<u>\$ 17,822,708</u>	<u>\$ 82,129</u>
Current liabilities	\$ 693,623	\$ 693,994	\$ (371)
Non-current liabilities	<u>3,675,000</u>	<u>4,046,713</u>	<u>(371,713)</u>
Total Liabilities	4,368,623	4,740,707	(372,084)
Deferred inflows of resources	51,827	25,104	26,723
Net Position			
Net investment in capital assets	6,128,565	4,091,948	2,036,617
Unrestricted	<u>7,355,822</u>	<u>8,964,949</u>	<u>(1,609,127)</u>
Total Net Position	<u>13,484,387</u>	<u>13,056,897</u>	<u>427,490</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 17,904,837</u>	<u>\$ 17,822,708</u>	<u>\$ 82,129</u>

Current assets decreased by \$1,621,907 from the prior year. The decrease was primarily due to a reduction in cash resulting from capital additions and lower interest income earned on the money market account. In addition, the District's net pension liability of \$56,713 decreased by \$117,046, resulting in a net pension asset of \$60,333.

Capital assets increased by \$1,726,617 from the prior year. The increase was primarily attributable to capital additions for the current year, partially offset by depreciation expense.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

Management's Discussion and Analysis - Continued

As of and for the Year Ended December 31, 2025

Total liabilities decreased by \$372,084 from the prior year. The decrease in liabilities was attributable to the bond principal payment made in the current year and the decrease in accounts payable and net decrease in pension liability.

The District's net position increased \$427,490 from the prior year. The increase in the net position was primarily attributable to an increase in capital assets.

Statements of Revenues, Expenses and Changes in Net Position For the Years Ended December 31, 2025 and 2024

	2025	2024	Favorable (Unfavorable)
Operating Revenues:			
Fees charged for services	\$ 4,834,721	\$ 4,847,699	\$ (12,978)
Miscellaneous revenue	1,168	3,318	(2,150)
Total Operating Revenues	4,835,889	4,851,017	(15,128)
Operating Expenses:			
Public safety	4,240,824	4,283,004	42,180
Depreciation	312,711	298,992	(13,719)
Total Operating Expenses	4,553,535	4,581,996	28,461
Non-Operating Revenues (Expenses):			
Interest income	252,866	341,363	(88,497)
Interest on long-term debt	(107,730)	(116,100)	8,370
Total Non-Operating Revenues (Expenses):	145,136	225,263	(80,127)
Changes in net position	427,490	494,284	(66,794)
Total Net Position, Beginning of Year	13,056,897	12,562,613	494,284
Total Net Position, End of Year	\$ 13,484,387	\$ 13,056,897	\$ 427,490

The District's net position increased by \$427,490 or 3.27% from the previous year. See explanation above.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

Management's Discussion and Analysis - Continued

As of and for the Year Ended December 31, 2025

CAPITAL ASSETS

The capital assets of the District consist of land, buildings and improvements, furniture and fixtures, 911 equipment, vehicles, and computer hardware. At December 31, 2025, the District had investments in capital assets (net of accumulated depreciation) totaling \$10,118,565, which was an increase of \$1,726,617 from the prior year. The increase was primarily due to additions of capital assets, including the completion of the radio tower and ongoing construction on a new annex building, partially offset by current year depreciation expense.

DEBT

As of December 31, 2025, the District has \$3,990,000 in certificates of indebtedness, a decrease of \$310,000 from the prior year's balance of \$4,300,000. The decrease is attributable to payments on the certificates of indebtedness during the current year of \$310,000.

CONTACTING THE DISTRICT

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

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I
STATEMENT OF NET POSITION
December 31, 2025

ASSETS	
OPERATING ASSETS	
Cash and cash equivalents	\$ 6,522,108
Receivables	<u>777,518</u>
TOTAL CURRENT ASSETS	7,299,626
NONCURRENT ASSETS	
Capital assets - net	10,118,565
Intangible asset	19,500
Net pension asset	60,333
Other assets	<u>318,540</u>
TOTAL NONCURRENT ASSETS	<u>10,516,938</u>
TOTAL ASSETS	<u>17,816,564</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	<u>88,273</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	301,712
Retainage payable	63,934
Payroll liabilities	12,977
Certificates of indebtedness - current	<u>315,000</u>
TOTAL CURRENT LIABILITIES	693,623
NONCURRENT LIABILITIES	
Certificates of indebtness, net of current portion	<u>3,675,000</u>
TOTAL NONCURRENT LIABILITIES	<u>3,675,000</u>
TOTAL LIABILITIES	<u>4,368,623</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pension	<u>51,827</u>
NET POSITION	
Net investment in capital assets	6,128,565
Unrestricted	<u>7,355,822</u>
TOTAL NET POSITION	<u><u>\$ 13,484,387</u></u>

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended December 31, 2025

OPERATING REVENUES	
Fees charged for services	\$ 4,834,721
Miscellaneous revenue	<u>1,168</u>
TOTAL OPERATING REVENUES	4,835,889
OPERATING EXPENSES	
Public safety	4,240,824
Depreciation	<u>312,711</u>
TOTAL OPERATING EXPENSES	<u>4,553,535</u>
OPERATING INCOME	282,354
NON-OPERATING REVENUES (EXPENSES)	
Interest income	252,866
Interest expense	<u>(107,730)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>145,136</u>
CHANGE IN NET POSITION	427,490
NET POSITION	
TOTAL NET POSITION - BEGINNING OF YEAR	<u>13,056,897</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 13,484,387</u></u>

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I
STATEMENT OF CASH FLOWS
Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for services	\$ 4,804,246
Cash paid for goods and services	(3,596,772)
Payments to employees and related benefits	<u>(656,832)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	550,642
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on certificates of indebtedness	(310,000)
Interest paid	(107,730)
Purchase of capital assets	<u>(2,039,328)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(2,457,058)
NET CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>252,866</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>252,866</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,653,550)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,175,658</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 6,522,108</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 282,354
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	312,711
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Accounts receivable	(31,643)
Other assets	(5,000)
Deferred outflows of resources	87,914
Accounts payable	(51,458)
Payroll liabilities	(17,847)
Retainage payable	63,934
Pension asset/liability	(117,046)
Deferred inflows of resources	<u>26,723</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 550,642</u></u>

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basis of Presentation

The accompanying basic financial statements of the St. Tammany Parish Communications District No. I have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*.

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

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

Service charges are collected by the District on a monthly basis and are considered measurable at the month of collection. Accordingly, service charges incurred in December 2025 and remitted in 2026 have been reported as a receivable.

Cash and Cash Equivalents

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

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

Accounts Receivable

Accounts receivable at December 31, 2025, consist of service charges due from telephone companies. These receivables are considered to be fully collectible.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Retainage Payable

The District retains a percentage of amounts due to contractors until construction projects are complete and accepted. Retainage payable represents the portion of contract payments withheld pending satisfactory completion of work. These amounts are recorded as a liability when the related expenditure is recognized and are released upon final acceptance of the completed project.

Long-Term Obligations

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

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

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

Net Position Classifications

Net position is classified and displayed in three components:

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

The District has formally set aside amounts to fund future capital projects in the amount of \$600,000. This amount is included in the unrestricted net position as of December 31, 2025.

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

Stabilization Arrangements

The District has formally set aside amounts for use in emergency situations or to offset anticipated revenue shortfalls should they occur. A stabilization arrangement, to offset anticipated revenue shortfalls should they occur, was authorized through formal resolution of the Board and was set at 42% of total revenue, which resulted in a balance of \$2,200,879 for the year ended December 31, 2025. The Board, through formal resolution, also established a stabilization arrangement in the amount of \$2,000,000 to fund expenses in the event of a catastrophic occurrence related to costs to obtain temporary facilities and equipment. The stabilization balances in total as of December 31, 2025, are \$4,200,879 and are included in the unrestricted net position.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Pronouncements

During the year ended December 31, 2025, the District adopted GASB Statement No. 102, "Certain Risk Disclosures," which provides users of governmental financial statements with essential information about the risks related to the government's vulnerabilities due to certain concentrations or constraints. The implementation had no impact on the District's financial statements.

The GASB has issued the following statements which will be effective in future years:

GASB Statement No. 103, "Financial Reporting Model Improvements," which establishes new accounting and financial reporting requirements, or modifies existing requirements, related to Management's Discussion and Analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The requirements of this Statement are effective for the District's fiscal year ending December 31, 2026.

GASB Statement No. 104, "Disclosure of Certain Capital Assets," which requires separate disclosure of certain types of capital assets, including lease assets, intangible right-to-use assets recognized by an operator in a public-private partnership, and subscription-based information technology arrangement assets, and establishes additional disclosures for capital assets held for sale. The requirements of this Statement are effective for the District's fiscal year ending December 31, 2026.

The District is currently evaluating the impact these statements will have on its financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS

The District had cash and cash equivalents (carrying value) at December 31, 2025 totaling \$6,522,108. These deposits are stated at cost, which approximates market value. Under state law, deposits (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2025, the District's bank balances were \$6,846,160, of which \$250,000 was secured by federal deposit insurance coverage. The remaining deposits were collateralized by the pledge of securities held in joint custody with the bank. Accordingly, the District was not exposed to custodial credit risk.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 3 - CAPITAL ASSETS

	December 31, 2024	Additions	Deletions	December 31, 2025
Capital Assets not being depreciated:				
Land	\$ 282,638	\$ -	\$ -	\$ 282,638
Construction in progress	<u>50,590</u>	<u>1,305,109</u>	<u>-</u>	<u>1,355,699</u>
Total Capital Assets not being depreciated	<u>333,228</u>	<u>1,305,109</u>	<u>-</u>	<u>1,638,337</u>
Capital assets being depreciated:				
Equipment and 911 system	433,197	695,120	-	1,128,317
Buildings	9,825,041	-	-	9,825,041
Vehicles	99,788	39,099	-	138,887
Furniture and fixtures	<u>441,174</u>	<u>-</u>	<u>-</u>	<u>441,174</u>
Total capital assets being depreciated	<u>10,799,200</u>	<u>734,219</u>	<u>-</u>	<u>11,533,419</u>
Less accumulated depreciation:				
Equipment and 911 system	(315,302)	(56,539)	-	(371,841)
Buildings	(1,933,659)	(237,492)	-	(2,171,151)
Vehicles	(50,345)	(18,680)	-	(69,025)
Furniture and fixtures	<u>(441,174)</u>	<u>-</u>	<u>-</u>	<u>(441,174)</u>
Total accumulated depreciation	<u>(2,740,480)</u>	<u>(312,711)</u>	<u>-</u>	<u>(3,053,191)</u>
Total capital assets being depreciated, net	<u>8,058,720</u>	<u>421,508</u>	<u>-</u>	<u>8,480,228</u>
Total capital assets, net	<u>\$ 8,391,948</u>	<u>\$ 1,726,617</u>	<u>\$ -</u>	<u>\$ 10,118,565</u>

Depreciation expense was incurred in the amount of \$312,711 during the year ended December 31, 2025.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Plan Description

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

Benefits

Retirement Benefits

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

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

For employees hired after January 1, 2007:

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

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

Survivor Benefits

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

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

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Benefits (Continued)

Deferred Retirement Option Plan:

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

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

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

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

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

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he was hired prior to January 1, 2007 and has at least five years of creditable service, or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Benefits (Continued)

Disability Benefits (Continued)

Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or 3% multiplied by years of service assuming continued service to age 60 for members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

Cost-of-Living Increases

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

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

Contributions

Members are required by state statute to contribute 9.5% of their annual covered payroll and the District is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal year ended December 31, 2025 was 11.00% of annual covered payroll. The District's contribution to the PERS for the year ended December 31, 2025 was \$50,436 which was recorded as a deferred outflow related to pensions.

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

As of December 31, 2025, the District reported an asset of \$60,333 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2024 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

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

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the measurement period December 31, 2024, the District's proportion was 0.06%.

For the year ended December 31, 2025, the District recognized pension expense of \$48,027. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 36,818	\$ 5,245
Net difference between projected and actual earnings on pension plan investments	-	39,729
Changes of assumptions	-	6,639
Changes in proportion and differences between employer contributions and proportionate share	1,019	214
Employer contributions subsequent to the measurement date	<u>50,436</u>	<u>-</u>
Total	<u><u>\$ 88,273</u></u>	<u><u>\$ 51,827</u></u>

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

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

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of \$50,436 will be recognized as a reduction of the net pension asset during the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions of \$(13,990) will be recognized as pension expense as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 23,285
2027	53,859
2028	(61,196)
2029	(29,938)
TOTAL	<u>\$ (13,990)</u>

Actuarial Assumptions

The total pension asset in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.30%

Salary Increases: 4.75%, including inflation

Mortality Rates: Pub-2010 Public Retirement Plans Mortality Tables for employees
Pub-2010 Mortality Table for Healthy Retirees for annuitants and beneficiaries
Pub-2010 Mortality Table for General Disabled Retirees for disabled annuitants
All multiplied by 130% for males and 125% for females

Investment Rate of Return: 6.40%, net of investment expense, including inflation

Cost-of-Living Adjustments: The present value of future retirement benefits is based on benefits currently being paid by the pension plan and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the pension plan.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Actuarial Assumptions (Continued)

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2018 through December 31, 2022. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The Pub-2010 Public Retirement Plans Mortality Table for General Employees, multiplied by 130% for males and 125% for females, each with full generational projection using the MP2021 scale. Mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2021 scale. For disabled annuitants, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2021 scale.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.13% for the year ended December 31, 2024. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	37 %	1.08 %
Equity	47 %	2.82 %
Alternatives	15 %	0.76 %
Real Assets	1 %	0.07 %
	<u>100 %</u>	<u>4.73 %</u>
Inflation		<u>2.40 %</u>
Expected Arithmetic Nominal Return		<u>7.13 %</u>

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Actuarial Assumptions (Continued)

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

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

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

	1.0% Decrease 5.40%	Current Discount Rate 6.40%	1.0% Increase 7.40%
District's proportionate share of the net pension liability (asset)	<u>\$ 307,897</u>	<u>\$ (60,333)</u>	<u>\$ (369,418)</u>

Pension Plan Fiduciary Net Position

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

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED

Support of Non-Employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2025, the District recognized revenue as a result of support received from non-employer contributing entities of \$6,265 for its participation in PERS.

Payables to the Pension Plan

The District had no outstanding amount of contributions due to the pension plan for the year ended December 31, 2025.

NOTE 5 - COMMITMENTS

In January 2024, the District entered into an inter-governmental agreement with the St. Tammany Parish Fire District No. 1 (Fire District 1), whereby the District would pay an annual sum of \$200,000 to assist with supplementing the cost of Fire District 1 and Fire District 12's consolidation of all fire service functions to respond to E-911 calls reporting a fire or the need for emergency medical assistance. In 2025, the District incurred an expense of \$200,000 related to this agreement. The term of the agreement was for five years. The future minimum payments required as a result of this agreement as of December 31, 2025 are as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 200,000
2027	200,000
2028	200,000

In January 2024, the District entered into an inter-governmental agreement with the St. Tammany Parish Sheriff's Office, whereby the District would pay an amount to help offset the St. Tammany Parish Sheriff's Office 911 call taker expense in addition to the 911 call taker expense for the City of Covington, and the City of Mandeville. The term of the agreement was for five years. In 2025, the District incurred an expense of \$796,404 related to this agreement. The future minimum payments required as a result of this agreement as of December 31, 2025 are as follows:

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 5 - COMMITMENTS - CONTINUED

<u>Year</u>	<u>Amount</u>
2026	\$ 796,404
2027	796,404
2028	796,404

In 2024, the District entered into an inter-governmental agreement with the City of Slidell, whereby the District would pay an amount to help offset the City of Slidell's 911 call taker expense in addition to the 911 call taker expense for the Pearl River Police Department. The term of the agreement is five years. In 2025, the District incurred an expense of \$131,957 related to this agreement. The future minimum payments required as a result of this agreement as of December 31, 2025 are as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 131,957
2027	131,957
2028	131,957

On May 31, 2017, the District entered into an inter-governmental agreement with the St. Tammany Parish Sheriff's Office, whereby the District will fund a portion of the new parish wide radio communication system. The original agreement called for twelve annual payments of \$750,000 to the St. Tammany Parish Sheriff's Office beginning on July 1, 2017. In 2025, this agreement was amended to increase the annual payment to \$1,500,000. In 2025, the District incurred expenses of \$1,500,000 related to this agreement. The future minimum payments required as of December 31, 2025 are as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 1,500,000
2027	1,500,000
2028	1,500,000

The District is party to various lease agreements for small office equipment. The terms of these agreements require monthly obligations ranging from \$28 to \$238 per month, and are set to expire within the next three to five years. Due to the small nature of these leases and minimal impact on the Statement of Net Position, the District has determined a reclassification under GASB 87 is not deemed necessary at this time. Total lease expense for the year ended December 31, 2025 was \$4,376.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 6 - LONG-TERM DEBT

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

The following is a summary of the long-term debt obligation transactions for the year ended December 31, 2025:

	<u>Balance</u> <u>2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>2025</u>	<u>Within</u> <u>One Year</u>
Certificates of Indebtedness	<u>\$ 4,300,000</u>	<u>\$ -</u>	<u>\$ (310,000)</u>	<u>\$ 3,990,000</u>	<u>\$ 315,000</u>

During the year ended December 31, 2025, the District incurred interest expense on the certificates in the amount of \$107,730.

The annual debt service requirements of the certificates to maturity as of December 31, 2025 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 315,000	\$ 103,478	\$ 418,478
2027-2031	1,715,000	382,657	2,097,657
2032-2036	1,960,000	135,405	2,095,405
Total	<u>\$ 3,990,000</u>	<u>\$ 621,540</u>	<u>\$ 4,611,540</u>

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2025, the District carried insurance through various commercial carriers to cover all risks of loss.

NOTE 8 - BOARD COMPENSATION

Members of the Board were not paid per diem for attending board meetings for the year ended December 31, 2025.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE 9 - SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date the financial statements were available to be issued, which corresponds with the date of the independent auditors' report. No material subsequent events have occurred since December 31, 2025, that require recognition or disclosure in the financial statements.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. 1

TEN YEAR SCHEDULE OF EMPLOYER'S PROPORTIONATE

SHARE OF THE NET PENSION LIABILITY (ASSET)

As of December 31, 2025

Fiscal Year	Employer's Proportion Share of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Employee Payroll	Plan Fiduciary Net Pension as a % of the Total Pension Liability (Asset)
PERS					
12/31/25	0.06 %	\$ (60,333)	\$ 458,516	(13.16)%	101.97 %
12/31/24	0.06 %	56,713	464,080	12.22 %	98.03 %
12/31/23	0.06 %	249,667	433,893	57.54 %	1,110.00 %
12/31/22	0.07 %	(325,477)	411,225	(79.15)%	1,056.39 %
12/31/21	0.06 %	(101,044)	407,530	(24.79)%	2,601.21 %
12/31/20	0.06 %	2,717	386,721	0.70 %	99.86 %
12/31/19	0.05 %	213,294	365,992	58.28 %	88.86 %
12/31/18	0.05 %	(36,273)	307,786	(11.79)%	101.98 %
12/31/17	0.05 %	112,351	305,695	36.75 %	94.15 %
12/31/16	0.05 %	143,518	323,526	44.36 %	92.23 %

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I

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

As of December 31, 2025

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contribution as a Percentage of Covered- Employee Payroll
<u>PERS:</u>					
12/31/25	\$ 52,729	\$ 50,436	\$ 2,293	\$ 458,516	11.00 %
12/31/24	53,369	53,450	(81)	464,080	11.52 %
12/31/23	49,898	49,895	3	433,893	11.50 %
12/31/22	47,291	46,930	361	411,225	11.41 %
12/31/21	50,640	49,922	718	407,530	12.25 %
12/31/20	47,373	47,097	276	386,721	12.18 %
12/31/19	42,089	42,400	(311)	365,992	11.58 %
12/31/18	35,531	35,748	(217)	307,786	11.61 %
12/31/17	38,530	37,774	756	305,695	12.36 %
12/31/16	41,634	42,058	(424)	323,526	13.00 %

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. CHANGES OF BENEFIT TERMS:

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

2. CHANGES OF ASSUMPTIONS:

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

Inflation rate increased from 2.1% to 2.3% from December 31, 2021 to December 31, 2022.

Inflation rate increased from 2.3% to 2.4% from December 31, 2022 to December 31, 2023.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I

OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2025

Agency Head: Rodney Hart, Executive Director (Retired during 2025)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 92,369
Benefits - insurance	25,746
Benefits - retirement	8,775
Benefits - cell phone	450
Benefits - car allowance	<u>486</u>
Total	<u>\$ 127,826</u>

Agency Head: Sean Spansel, Executive Director (Started June 18, 2025)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 51,334
Benefits - insurance	13,962
Benefits - retirement	4,877
Benefits - cell phone	1,334
Benefits - car allowance	395
Conference registration	387
Per diems	<u>625</u>
Total	<u>\$ 72,914</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Tammany Parish Communications District No. 1 (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 15, 2026.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
April 15, 2026

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I

SCHEDULE OF FINDINGS

For the Year Ended December 31, 2025

I. SUMMARY OF AUDITORS' RESULTS

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

1. Significant deficiencies in internal control were disclosed by the audit of the financial statements: None reported.
2. Material weaknesses: No.
3. Noncompliance which is material to the financial statements: No.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

None.

ST. TAMMANY PARISH COMMUNICATIONS DISTRICT NO. I

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended December 31, 2025

SECTION I – FINANCIAL STATEMENT FINDINGS

2024-001 - Resolved.

SECTION II – MANAGEMENT LETTER COMMENTS

None.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the St. Tammany Parish Communications District No. 1 (STPCD):

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, 2025 through December 31, 2025. The St. Tammany Parish Communications District No. 1's management is responsible for those C/C areas identified in the SAUPs.

The STPCD 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, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

I. Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

No exceptions noted.

- ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

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

No exceptions noted.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- viii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions noted.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions noted.

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

No exceptions noted.

- xi. **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.

No exceptions noted.

- xii. **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.

No exceptions noted.

2. Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

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

No exceptions noted.

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

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

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

No exceptions noted.

3. Bank Reconciliations

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

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

No exceptions noted.

- ii. 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, electronically logged); and

No exceptions noted.

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

No exceptions noted.

4. **Collections (excluding electronic funds transfers)**

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

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

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

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

No exceptions noted.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

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

No exceptions noted.

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

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

No exceptions noted.

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

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted.

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

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

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

No exceptions noted.

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

No exceptions noted.

- iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by “Written Policies and Procedures” procedure # IA(vii).

No exceptions noted.

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

No exceptions noted.

8. Contracts

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

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

No exceptions noted.

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

No exceptions noted.

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

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

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9. Payroll and Personnel

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

No exceptions noted.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions noted.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance

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

No exceptions noted.

10. Ethics

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

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

No exceptions noted.

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

No exceptions noted.

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

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

11. Debt Service

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

N/A – per discussion with management and review of the financial statements, no debt issued during the fiscal period.

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

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

12. Fraud Notice

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

No exceptions noted.

- B. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.I concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

13. Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedures and discussed the results with management."
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedures and discussed the results with management.

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

We performed the procedures and discussed the results with management.

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

We performed the procedures and discussed the results with management.

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

We performed the procedures and discussed the results with management.

- C. Using the 5 randomly selected employee/officials from Payroll and Personnel procedure #9A, 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.

We performed the procedures and discussed the results with management.

14. Sexual Harassment

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

No exceptions noted.

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

No exceptions noted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

No exceptions noted.

We were engaged by STPCD 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 STPCD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Kushner LaGraize, L.L.C.

Metairie, Louisiana
April 15, 2026