
**Terrebonne Parish
Communications District**

Financial Statements

December 31, 2021

Terrebonne Parish Communications District
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Independent Auditor's Report

To the Board of Commissioners
Terrebonne Parish Communications District
Houma, Louisiana

Opinions

We have audited the accompanying financial statements of the business-type activities of the Terrebonne Parish Communications District (the "District"), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2021, 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 business-type activities of the District, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 an opinion on the financial statements of the District. The accompanying schedule of compensation, benefits, and other payments to district head, as required by the State of Louisiana, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate 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 accompanying 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 June 28, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Covington, Louisiana
June 28, 2022

Management's Discussion and Analysis

Terrebonne Parish Communications District Management's Discussion and Analysis

Introduction

Management's Discussion and Analysis of the Terrebonne Parish Communications District's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2021. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the District's financial statements, which begin on page 9.

Financial Highlights

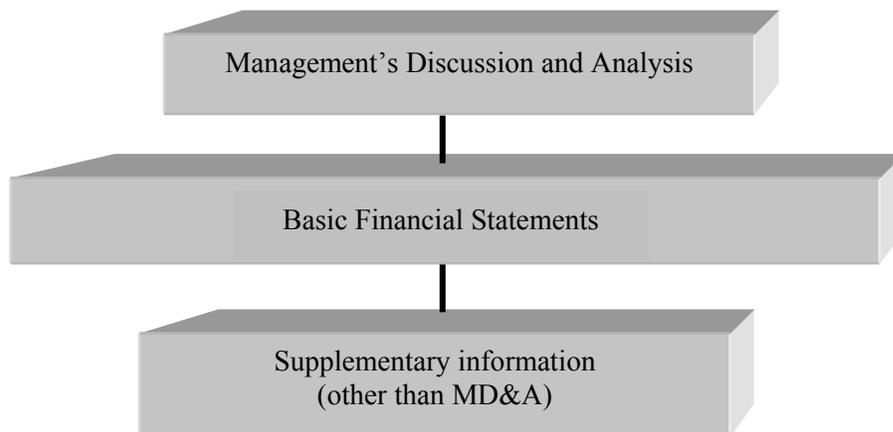
The District's assets exceeded its liabilities at December 31, 2021 by \$2,586,442 which represents a 6.55% increase from the prior fiscal year.

Current assets increased by \$273,029 approximately 25.04%, compared to the prior fiscal year.

Noncurrent liabilities decreased by \$383,583, approximately 22.54%, compared to the prior fiscal year.

Overview of the Financial Statements

The following graphic illustrates the minimum requirements for government entities engaged in business-type activities established by Governmental Accounting Standards Board.



These financial statements consist of two sections - Management's Discussion and Analysis (this section), and the basic financial statements (including the notes to the financial statements). This report also contains supplementary information in addition to the basic financial statements.

Terrebonne Parish Communications District Management's Discussion and Analysis

The District's activities are reported in a single proprietary fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District'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.

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Statement of Net Position

This statement presents the current and noncurrent assets, deferred outflows of resources, current and noncurrent portions of liabilities, and deferred inflows of resources, with the difference reported as net position. Net position may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position

This statement presents information showing how the District's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

Statement of Cash Flows

This statement presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

Notes to the Financial Statements

The notes to the financial statements in this report provide additional information that is essential for a full understanding of the data provided in the basic financial statement. The notes to the financial statements, which describe particular accounts in more detail, immediately follow the financial statements.

Terrebonne Parish Communications District

Management's Discussion and Analysis

Financial Analysis of the Entity

The condensed statements of net position consist of the following at December 31:

	<u>2021</u>	<u>2020</u>	<u>Variance</u>	<u>% Variance</u>
Assets				
Current assets	\$ 1,363,510	\$ 1,090,481	\$ 273,029	25.04%
Capital assets, net	<u>2,988,590</u>	<u>3,477,080</u>	<u>(488,490)</u>	-14.05%
	<u><u>\$ 4,352,100</u></u>	<u><u>\$ 4,567,561</u></u>	<u><u>\$ (215,461)</u></u>	-4.72%
Liabilities				
Current liabilities	\$ 447,486	\$ 438,361	\$ 9,125	2.08%
Noncurrent liabilities	<u>1,318,192</u>	<u>1,701,775</u>	<u>(383,583)</u>	-22.54%
	<u>1,765,678</u>	<u>2,140,136</u>	<u>(374,458)</u>	-17.50%
Net Position				
Net investment in capital assets	1,348,959	1,446,051	(97,092)	-6.71%
Unrestricted	<u>1,237,463</u>	<u>981,374</u>	<u>256,089</u>	26.09%
	<u>2,586,422</u>	<u>2,427,425</u>	<u>158,997</u>	6.55%
	<u><u>\$ 4,352,100</u></u>	<u><u>\$ 4,567,561</u></u>	<u><u>\$ (215,461)</u></u>	-4.72%

Restricted net position represents those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Current assets increased by \$273,029, approximately 25.04%, from December 31, 2020 to December 31, 2021, due primarily to an increase in cash and investments. Noncurrent liabilities consist of accrued compensated absences and capital lease obligations. The decrease of \$383,583 from December 31, 2020 to December 31, 2021 is caused primarily from the annual payments for the capital lease obligations (See Note 6).

Terrebonne Parish Communications District Management's Discussion and Analysis

The condensed statements of revenues, expenses, and changes in net position consist of the following for the years ended December 31:

	2021	2020	Variance	% Variance
Operating Revenues				
Service charges	\$ 2,093,890	\$ 2,134,860	\$ (40,970)	-1.92%
Other revenues	310,228	244,380	65,848	26.94%
	<u>2,404,118</u>	<u>2,379,240</u>	<u>24,878</u>	<u>1.05%</u>
Operating Expenses				
Salaries and benefits	1,336,310	1,313,397	22,913	1.74%
Telephone expense	192,959	138,729	54,230	39.09%
Depreciation	557,869	481,922	75,947	15.76%
Other operating expenses	304,819	328,536	(23,717)	-7.22%
	<u>2,391,957</u>	<u>2,262,584</u>	<u>129,373</u>	<u>5.72%</u>
Operating income	<u>12,161</u>	<u>116,656</u>	<u>(104,495)</u>	<u>-89.58%</u>
Non-Operating				
Interest income	337	2,637	(2,300)	-87.22%
Gain on disposal of assets	14,000	-	14,000	100.00%
Insurance proceeds	188,846	-	188,846	100.00%
Interest expense	(56,347)	(69,900)	(13,553)	-19.39%
	<u>146,836</u>	<u>(67,263)</u>	<u>214,099</u>	<u>318.30%</u>
Change in net position	158,997	49,393	109,604	221.90%
Net position, beginning of year	<u>2,427,425</u>	<u>2,378,032</u>	<u>49,393</u>	<u>2.08%</u>
Net position, end of year	<u>\$ 2,586,422</u>	<u>\$ 2,427,425</u>	<u>\$ 158,997</u>	<u>6.55%</u>

The District's operating revenues are consistent for the years ended December 31, 2021 and 2020. Telephone expense increased by 39% as a result of higher fees and increased usage. The District's total net position increased by \$158,997, approximately 6.55%, from December 31, 2020 to December 31, 2021.

Capital Assets

Capital assets consist of the following at December 31:

	2021	2020	Variance	% Variance
Buildings	\$ 1,146,672	\$ 1,277,357	\$ (130,685)	-10.23%
Equipment	5,323,504	5,276,156	47,348	0.90%
Automobiles	-	20,848	(20,848)	-100.00%
	<u>6,470,176</u>	<u>6,574,361</u>	<u>(104,185)</u>	<u>-1.58%</u>
Accumulated depreciation	<u>(3,481,586)</u>	<u>(3,097,281)</u>	<u>(384,305)</u>	<u>12.41%</u>
	<u>\$ 2,988,590</u>	<u>\$ 3,477,080</u>	<u>\$ (488,490)</u>	<u>-14.05%</u>

Terrebonne Parish Communications District Management’s Discussion and Analysis

In the current fiscal year, the District had \$69,378 of capital asset additions and \$173,564 of disposals. Capital assets decreased by \$488,490, approximately 14%, from December 31, 2020 to December 31, 2021 primarily from current year depreciation and an impairment loss.

During the current fiscal year, the district received insurance proceeds of \$188,846 for property damages sustained from Hurricane Ida. The District recognized an impairment loss of \$73,759 as a result of the damage. More detailed information about the District’s capital assets is presented in Note 4 to the financial statements.

Noncurrent Liability

The District has capital lease obligations for a computer aided dispatch and records software management system. The obligation consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>	<u>Variance</u>	<u>% Variance</u>
Capital lease obligation	<u>\$ 1,639,631</u>	<u>\$ 2,031,029</u>	<u>\$ (391,398)</u>	-19.27%

Budget

The annual budget is approved by the Board of Commissioners and made available for public inspection. For the year ended December 31, 2021, actual revenues exceeded final budgeted revenues by \$304,566 and actual expenses were \$109,832 more than final budgeted expenses.

Economic Factors and Next Year’s Budgets and Rates

The District and management considered the following factors and indicator's when setting next year's budget, rates, and fees:

- During the 2021 fiscal year, the District had an increase in wireless subscribers and fire dispatch reimbursements. The District had a decrease in wireline and prepaid service subscribers.
- The District provided authorization to management to increase the starting wage for the position of an emergency 9-1-1 telecommunicator from \$11.00 per hour to \$13.00 per hour beginning January 1, 2021. Although, the starting hourly wage is comparatively low regionally, the increase was approved to assist with lessening wage disparity.
- The District took into consideration prior year's expenses as well as projected increases.

Contacting the District's Management

This financial report is designed to provide a general overview of the District’s finances for all those with such an interest. Call the District’s office (985-580-0911) attention Mark Boudreaux, Director, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

Financial Statements

Terrebonne Parish Communications District
Statement of Net Position
December 31, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 283,372
Accounts receivable	308,570
Prepaid expenses	49,156
Investments	722,412
	<u>1,363,510</u>

Capital Assets

Property and equipment, net	<u>2,988,590</u>
	<u><u>\$ 4,352,100</u></u>

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 9,689
Accrued payroll expenses	17,960
Accrued interest	28,624
Capital lease obligation, current portion	391,213
	<u>447,486</u>

Noncurrent Liabilities

Accrued compensated absences	69,774
Capital lease obligation, net of current portion	1,248,418
	<u>1,318,192</u>
	1,765,678

Net Position

Net investment in capital assets	1,348,959
Unrestricted	1,237,463
	<u>2,586,422</u>
	<u><u>\$ 4,352,100</u></u>

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

Terrebonne Parish Communications District
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021

Operating Revenues	
Service charges	\$ 2,093,890
Fire dispatch reimbursements	198,648
Computer aided dispatch fees	81,999
Other revenues	29,581
	<u>2,404,118</u>
Operating Expenses	
Salaries and related taxes	1,305,295
Retirement benefits	31,015
Rent	111,689
Telephone expense	192,959
Administrative services	2,982
Office supplies	5,760
Repairs and maintenance	94,848
Utilities	16,611
Depreciation	557,869
Legal and professional services	8,546
Insurance	63,194
Travel	1,189
	<u>2,391,957</u>
Operating Income	<u>12,161</u>
Non-Operating Revenues (Expenses)	
Investment income	337
Gain on disposal of fixed assets	14,000
Insurance proceeds	188,846
Interest expense	(56,347)
	<u>146,836</u>
Change in Net Position	158,997
Net Position, Beginning of Year	<u>2,427,425</u>
Net Position, End of Year	<u><u>\$ 2,586,422</u></u>

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

Terrebonne Parish Communications District
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows From Operating Activities

Receipts:	
Cash receipts from customers	\$ 2,359,972
Disbursements:	
Payments to employees for services	(1,322,797)
Payments to suppliers for goods and services	(426,626)
Net cash provided by operating activities	<u>610,549</u>

Cash Flows From Capital and Related Financing Activities

Acquisition of capital assets	(69,379)
Payments on capital lease obligation	(391,398)
Interest paid on capital lease obligation	(50,978)
Insurance reimbursement	188,846
Proceeds from asset sale	14,000
Net cash used in capital and related financing activities	<u>(308,909)</u>

Cash Flows From Investing Activities

Purchase of investments	(225,231)
Investment income received	337
Net cash used in investing activities	<u>(224,894)</u>

Net change in cash and cash equivalents	76,746
Cash and cash equivalents, beginning balance	<u>206,626</u>
Cash and cash equivalents, ending balance	<u>\$ 283,372</u>

**Reconciliation of Change in Net Position to
Cash Flows from Operating Activities**

Operating income	\$ 12,161
Adjustments to reconcile the change in net position to net cash provided by operating activities:	
Depreciation	557,869
(Increase) decrease in:	
Accounts receivable	(44,146)
Prepaid expenses	73,094
Increase (decrease) in:	
Accounts payable	(1,942)
Accrued payroll expenses	5,883
Accrued compensated absences	7,630
Net cash provided by operating activities	<u>\$ 610,549</u>

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

Terrebonne Parish Communications District

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Nature of Operations

The District assesses a fixed monthly service charge to customers of local telephone and wireless communication companies providing service in Terrebonne Parish. The companies collect the charge then remit those collections to the District. The District uses this service charge to run an emergency 911 system. The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2021. The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

Financial Reporting Entity

Organizations are required to have a financial benefit/burden relationship with the primary government for it to be included in the reporting entity as a component unit. The financial benefit/burden relationship is defined as existing if any one of the following conditions is present:

- The primary government is legally entitled to or can otherwise access the organization's resources
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization
- The primary government is obligated in some manner for the debt of the organization

Based on the foregoing criteria, the District is included as a component unit of Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the Comprehensive Annual Financial Report of the Parish for the year ended December 31, 2021.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund. Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position.

The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, assessments, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Terrebonne Parish Communications District

Notes to Financial Statements

Net Position

The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as needed.

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 and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of net position and statement of cash flows, cash and cash equivalents include all demand accounts of the District with an original maturity of 90 days or less.

Accounts Receivable

Receivables consist of all revenues earned at year-end but have not been collected at year end. Management monitors the receivable balances and assesses the collectability at year end based upon the historical collections, knowledge of the individual or entity, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged to the allowance for doubtful accounts. Management has deemed all accounts collectible at year-end and no allowance has been recorded.

Prepaid Expenses

Payments to vendors for insurance, maintenance contracts, and membership dues include costs applicable to the next accounting period and are recorded as prepaid items.

Investments

Investments consist of deposits in the Louisiana Asset Management Pool, which allows local governments in Louisiana to pool and collectively invest funds. Investments are carried at fair value. Investment return includes interest, dividends, fees, and realized and unrealized gains and losses, and is included in the statement of revenues, expenses, and changes in net position as investment income.

Terrebonne Parish Communications District

Notes to Financial Statements

Capital Assets

Capital assets with a cost of \$1,000 or more are reported at cost in the statement of net position. Repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Buildings	5 - 40 years
Equipment	5 - 20 years
Automobile	5 years

Compensated Absences

Employees of the District can earn twelve to seventeen days per year vacation leave, depending on their length of employment. An employee may not accumulate more than two times their annual vacation allowance upon their anniversary date. Any unused vacation time in excess of the doubled amount remaining past the employee's anniversary date will be paid to the employee at their regular hourly rate. In the event the employee is terminated or resigns, all unused vacation leave not used will be paid to the employee. Employees of the District earn seven days sick leave per year. Sick leave may be accumulated to a maximum of six hundred (600) hours. Any employee retiring with a minimum of twenty (20) years of service at any age, or ten (10) years of service and of the age of retirement (65 years old), is eligible to receive payment for unused sick leave not to exceed three hundred (300) hours. In the event the employee is terminated or resigns, no sick leave will be paid to the employee. The liability for vacation and sick leave is recorded as a long-term liability in the financial statements.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code 457. The Plan is administered by the District. The Plan, available to all full-time employees of the District, permits them to defer a portion of their salary until future years.

All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by Security Benefit for the exclusive benefit of the participants and their beneficiaries.

The District makes contributions on the employee's behalf based on the following formula; 3% for all full-time employees that have completed their probationary period and five years of consecutive full-time employment with an additional 1% added (4% total) for all full-time employees with seven years of consecutive full-time employment and an additional 1% added (5% total) for all full-time employees with ten years of consecutive full-time employment. The District's contributions to the Plan for the year ending December 31, 2021 totaled \$31,015.

Terrebonne Parish Communications District

Notes to Financial Statements

Accounting Pronouncements

GASB Statement No. 87, "Leases" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement for reporting periods beginning after June 15, 2021. Management has yet to evaluate the effects of this pronouncement.

2. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include demand deposits. Under state law the District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency District. Further, the District may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts or federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding custodial bank in the form of safekeeping receipts. The District's cash deposits at December 31, 2021 consisted of the following:

	<u>Cash</u>
Deposits per Statement of Net Position (reconciled bank balance)	<u>\$ 283,372</u>
Deposits in bank accounts per bank	<u>\$ 300,035</u>
Category 3 bank balances:	
a. Uninsured and uncollateralized	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name	<u>50,035</u>
Total category 3 bank balances	<u>\$ 50,035</u>

Terrebonne Parish Communications District

Notes to Financial Statements

Custodial Deposit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned to the District. As of December 31, 2021, \$50,035 of the District's bank balance was exposed to custodial credit risk because the deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Commission's name.

3. Investments

Investments are comprised of the Louisiana Asset Management Pool ("LAMP"). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

The investments in LAMP are stated at fair value and was \$722,412 at December 31, 2021. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. In accordance with GASB Codification Section, the investment in LAMP - a local government investment pool - is not categorized in the three risk categories provided by GASB Codification because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk

LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk

LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk

Pooled investments are excluded from the five percent disclosure requirement.

Terrebonne Parish Communications District

Notes to Financial Statements

Interest rate risk

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (“WAM”) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP’s total investments is (NUMBER – days) (from LAMP’s monthly Portfolio Holdings) as of (DATE – month-end).

Foreign currency risk

Not applicable.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. More information can be obtained from LAMP’s administrative office at 800-249-5267.

4. Capital Assets

The following is a summary of the District’s capital assets for the year ended December 31, 2021:

	Balance 12/31/20	Additions	Disposals	Balance 12/31/21
Capital Assets Being Depreciated				
Buildings	\$ 1,277,357	\$ -	\$ (130,685)	\$ 1,146,672
Equipment	5,276,156	69,379	(22,031)	5,323,504
Automobile	20,848	-	(20,848)	-
	<u>6,574,361</u>	<u>69,379</u>	<u>(173,564)</u>	<u>6,470,176</u>
Accumulated depreciation	<u>(3,097,281)</u>	<u>(557,869)</u>	<u>173,564</u>	<u>(3,481,586)</u>
	<u>\$ 3,477,080</u>	<u>\$ (488,490)</u>	<u>\$ -</u>	<u>\$ 2,988,590</u>

Depreciation expense for the year ended December 31, 2021 was \$557,869.

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, management evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations, other changes in environmental factors, technology changes or evidence of obsolescence, changes in the manner of duration of use of a capital asset, and construction stoppage. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Due to Hurricane Ida that devastated the area and was declared a federal disaster on August 29, 2021, an impairment loss of \$73,759 was recognized for the year ended December 31, 2021. The impairment loss was recognized as a component of depreciation expense in the Statement of Revenues, Expenses, and Changes in Net Position.

Terrebonne Parish Communications District

Notes to Financial Statements

5. Noncurrent Liabilities

The following is a summary of the District's long-term liabilities for the year ended December 31, 2021:

	Balance at 12/31/20	Additions	Payments	Balance at 12/31/21	Due Within One Year
Capital lease obligation	\$ 2,031,029	\$ -	\$ (391,398)	\$ 1,639,631	\$ 391,213
Compensated absences	62,144	70,947	(63,317)	69,774	-
	<u>\$ 2,093,173</u>	<u>\$ 70,947</u>	<u>\$ (454,715)</u>	<u>\$ 1,709,405</u>	<u>\$ 391,213</u>

See Note 6 for additional details regarding the capital lease obligation.

6. Lease Agreements

Capital Leases

The District entered into a capital lease agreement with Government Capital Corporation for a computer aided dispatch system on November 30, 2017 and amended May 30, 2020. The amended capital lease is payable in annual installments of \$360,944, including interest at 3.09%, beginning May 30, 2020 and ending May 30, 2025. The outstanding balance at December 31, 2021 is \$1,337,877. The capital lease obligation is secured by the related asset which is reported as capital assets and depreciated.

The District entered into a capital lease agreement with Government Capital Corporation for a records management software system on December 20, 2017. The capital lease is payable in annual installments of \$81,676, including interest at 3.255%, beginning July 20, 2018 and ending July 20, 2025. The outstanding balance at December 31, 2021 is \$301,754. The capital lease obligation is secured by the related asset which is reported as capital assets and depreciated.

The future minimum lease payments are as follows:

Year Ending December 31	Principal	Interest	Total
2022	\$ 391,213	\$ 51,163	\$ 442,376
2023	403,420	38,955	442,375
2024	416,008	26,367	442,375
2025	428,990	13,386	442,376
	<u>\$ 1,639,631</u>	<u>\$ 129,871</u>	<u>\$ 1,769,502</u>

Operating Leases

The District leases tower space from one unrelated third party. This one-year, written agreements is renewable annually with the consent of both parties. The total operating lease expense under this agreement for the year ended December 31, 2021 is \$17,700.

Terrebonne Parish Communications District

Notes to Financial Statements

The District entered into a five year, non-cancelable, operating lease with SBA Infrastructure, LLC for tower antenna space for the District's base station equipment with a non-exclusive easement for access to the equipment. The lease began on April 1, 2020 and ends March 31, 2025. The District has the option to renew the agreement for up to four additional terms of five years each. The lease is to be paid annually in the amount of \$24,000 and the rate will increase annually by 5%. The total operating lease expense under this agreement for the year ended December 31, 2021 is \$31,200.

In-Kind

The District and the Terrebonne Parish Consolidated Government (the "Parish"), the primary government, has entered into an agreement whereby the District leases the building at 112 Capital Boulevard, Houma, Louisiana to the Parish to be used by the City of Houma Police Department for additional office space. In lieu of payment of any cash consideration, the Parish will provide in-kind services to the District. The initial term of the lease was three years and expired on September 30, 2020. The lease automatically renews for subsequent one-year terms after expiration unless terminated by either party.

7. Commitment

The Federal Communications Commission (FCC) and the Louisiana State Legislature have issued rulings and statutes requiring wireless telecommunication providers to provide the number and location of the caller to the communications district when a caller accesses 911. State statutes require the caller location service to be operating within one year of collecting a consumer fee for the service.

The District implemented the rulings and has begun collecting the service charge effective January 1, 2001. Proceeds from the consumer service charge, \$1,183,208 for the year ended December 31, 2021, shall be used for the payment of service provider and costs associated with system implementation.

8. Service Agreement

The District entered into a service agreement with the Terrebonne Parish Sheriff's Office ("TPSO") on May 4, 2018 for TPSO to reimburse the District \$81,676 annually, beginning July 20, 2018 and ending July 20, 2025, for TPSO's benefit from the computer aided dispatch records management software system. The fees are reported within the computer aided dispatch revenues balance reported on the statement of revenues, expenses, and changes in net position.

9. Risk Management

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the District carries commercial insurance or other insurance for the losses to which it is exposed. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure and claims experience. The premium for auto liability is based on claims experience, vehicle type, and mileage.

Terrebonne Parish Communications District

Notes to Financial Statements

10. Compensation of Board Members

Board Member	Amount
Keith Ward	\$ -
Perry Szush	-
Bryan Chaisson	-
Toby Henry	-
Peter Guidry	-
Duane Farmer	-
Wayne Ingram	-
Chris LeCompte, Jr.	-
Neil Abbott	-

11. Subsequent Events

Subsequent events were evaluated by management through June 28, 2022, which is the date the financial statements were available to be issued.

Supplementary Information

Terrebonne Parish Communications District
Schedule of Compensation, Benefits, and Other Payments to District Head
For the Year Ended December 31, 2021

Name: Mark Boudreaux
 Position: Director

Purpose	Amount
Salary	\$ 90,424
Benefits - insurance	25,714
Benefits - retirement	5,391
	\$ 121,529

Louisiana Revised Statute (R.S.) 24:513 A. (3) requires virtually every local auditee report that is submitted to the Louisiana Legislative Auditor to include a schedule of compensation, benefits, and other payments to the agency head. The compensation, benefits, and other payments that are to be reported on this schedule include travel, unvouchered expenses, per diem, registration fees, reimbursements, etc. and is presented on an accrual basis.

***Reports Required by
Government Auditing Standards***

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Terrebonne Parish Communications District
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Terrebonne Parish Communications District (the “District”) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 28, 2022.

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”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 may exist that have not been 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. 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.



Covington, Louisiana
June 28, 2022

**Terrebonne Parish Communications District
Summary of Auditor's Results and Schedule of Findings
For the Year Ended December 31, 2021**

A. Summary of Auditor's Results

a. Financial Statements

Type of auditors' report issued: Unmodified

b. Internal control over financial reporting:

Material weaknesses identified	_____ yes	_____ <input checked="" type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses	_____ yes	_____ <input checked="" type="checkbox"/> none noted

c. Noncompliance material to financial statements noted

_____ yes _____ no

B. Findings in Accordance with *Government Auditing Standards*

None noted.

Terrebonne Parish Communications District
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2021

A. Findings Relating to the Financial Statement Reported in Accordance with
Government Auditing Standards

None noted.

Statewide Agreed-Upon Procedures

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Terrebonne Parish Communications District
Houma, Louisiana

We have performed the procedures enumerated below, solely to assist the users in assessing certain controls and in evaluating management's assertions about Terrebonne Parish Communications District's (the "District") compliance with certain laws and regulations for the year ended December 31, 2021. The District's management is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations.

The District and the Legislative Auditor, State of Louisiana, have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

Results

The District's sexual harassment policy does not include requirements for annual reporting.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results

The Board is required to meet bimonthly in accordance with their Bylaws. The Board cancelled the September 2021 meeting due to Hurricane Ida.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results

The District has one bank account. The bank reconciliation did not include evidence that it was prepared within two months of the closing date or that a member of management or a board member reviewed the reconciliation.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results

No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee 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:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results

No exceptions noted.

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

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

Results

No exceptions noted.

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

14. 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:
- 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.
 - If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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 policy (procedure #1h).
 - Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results

No exceptions noted.

Contracts

15. 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:
- 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.
 - Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter). *N/A*
 - 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*
 - 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.

Results

No exceptions noted.

Payroll and Personnel

16. 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.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. 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.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results

No exceptions noted.

Debt Service

21. 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.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results

No exceptions noted.

Fraud Notice

23. 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.
24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

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

Results

No exceptions noted. We performed the procedure and discussed the results with management.

Sexual Harassment

26. 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.
27. 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).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results

The District did not complete an annual sexual harassment report for the current period.

Summary of Results

Written Policies and Procedures

The District's sexual harassment policy does not include requirements for annual reporting.

Board or Finance Committee

The Board is required to meet bimonthly in accordance with their Bylaws. The Board cancelled the September 2021 meeting due to Hurricane Ida.

Bank Reconciliations

The District has one bank account. The bank reconciliation did not include evidence that it was prepared within two months of the closing date or that a member of management or a board member reviewed the reconciliation.

Sexual Harassment

The District did not complete an annual sexual harassment report for the current period.

Management's Response

Written Policies and Procedures

The District will update the policies and procedures manual to include the requirement for management to draft a sexual harassment report annually.

Board or Finance Committee

The District will update the policies and procedures manual to address the allowed reasons for canceling the required board meetings, rescheduling a meeting, and if and when it is necessary to hold a virtual meeting.

Bank Reconciliations

Going forward, management will initial and date the bank reconciliation to evidence it was reconciled and reviewed within two months of the closing date.

Sexual Harassment

The District will update the policies and procedures manual to include the requirement for management to draft a sexual harassment report annually.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the control and compliance areas identified in the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management of the District and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Covington, Louisiana
June 28, 2022